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Japanese Labor Minister Attends G-7 Jobs Summit

Address to G-7 Summit Quoted

OW1403231094 Tokyo KYODO in English 2243 GMT
14 Mar 94

[By Antonio Kamiya]

[Excerpts] Detroit, March 14 KYODO—U.S. President Bill Clinton Monday [14 March] urged Japan and Europe to stimulate their economies, warning that no country can tackle employment issues on its own in an economically interdependent world.

Clinton sounded the clarion call for joint action among the Group of Seven (G-7) industrialized nations as he opened a G-7 ministerial conference to examine why job security and high wages appear hard to reconcile in much of the industrial world. [passage omitted on Clinton remarks]

In industrial Europe, workers are cushioned by generous welfare perks, but the jobless rates have stuck in double digits.

Even in Japan, a country known for its low unemployment rates, the government is considering broad restructuring in order to protect the so-called "lifetime" employment system.

"At a time when vast changes are taking place in industries and at a time when workers too are changing their way of thinking, we too should realize there will be more labor movement across companies and industries in Japan over the long run," Japan's Labor Minister Chikara Sakaguchi told the G-7 jobs conference.

Japan also urged its G-7 partners to maintain "sound macroeconomic policies and the multilateral trade system" in order to create more jobs.

The Japanese Ministry of International Trade and Industry, represented in the G-7 jobs conference by Parliamentary Vice Trade Minister Otohiko Endo, also proposed easing government regulations, making capital more readily accessible to entrepreneurs, and expanding job-skills training, as answers to job creation.

But Clinton acknowledged that there are no easy answers.

"We are here because we have something to learn from each other and, hopefully, something to teach each other," Clinton said in his opening speech.

No binding policy statement will be issued by the jobs conference, which is largely a closed-door forum among G-7 finance, economic and labor ministers.

During four separate discussion sessions, spread over two days, the G-7 ministers were expected to discuss a vast range of labor-related issues, ranging from the

impact of macroeconomic policies to the structure of the labor systems in each of the G-7 member countries.

The exercise, Clinton said, should help produce a "real agenda" when the G-7 heads of state and government head to Italy in July for their annual summit meeting.

Defends Lifetime Employment System

OW1403235594 Tokyo KYODO in English 2328 GMT
14 Mar 94

[Text] Detroit, March 14 KYODO—Japan's Labor Minister Chikara Sakaguchi assured his Group of Seven partners Monday [14 March] that Japan's so-called lifetime employment system is alive and well, even though the nation's economy is in the doldrums.

Sakaguchi, speaking at the G-7 jobs conference in Detroit, acknowledged that the weak economy has made unemployment an "increasingly serious" problem in Japan but argued that the vaunted Japanese employment practice is under no threat of extinction.

Sakaguchi put up a spirited defense of lifetime employment in Japan in response to a "theme" paper the U.S. Government prepared for the jobs meeting that appeared to challenge the Japanese employment system.

The U.S. paper, prepared by White House chief economist Laura Tyson, argues that the low Japanese unemployment rate—2.5 percent last year—reflects a tendency among Japanese firms to retain workers even during cyclical downturns.

Tyson described the bloated payroll in Japanese companies as a form of "hidden unemployment" which she said is "sizable and rising."

"This along with other changes (in the Japanese economy) are putting the Japanese 'lifetime' employment under real strain," the Tyson report said.

Sakaguchi said Tyson's characterization of the Japanese employment system is off the mark.

"As a matter of solemn fact, those workers remain employed. They are actually working at the workplace and drawing their pay. I think it's not appropriate to describe the situation as 'hidden unemployment,'" Sakaguchi said in a prepared statement.

Sakaguchi, the sole Japanese cabinet minister represented in the G-7 jobs conference, told his G-7 colleagues that Japan's private-sector businesses are under no "forced obligation" to retain their workers.

Japanese managers do so, he said, because they believe employees' "understanding and good will" is essential for a company's long-term well-being.

Sakaguchi said Japanese employers are by no means abandoning their lifetime employment system, noting

that Japanese firms usually use natural attrition—rather than outright dismissal—in restructuring their businesses.

“Japanese firms still pay a lot of attention to maintaining long-term stability in their employment system,” Sakaguchi said.

The Japanese labor minister, however, acknowledged that Japan itself has a thing or two to learn from its G-7 partners when it comes to employment policy.

One such factor, he said, is inflexibility in the Japanese pay system.

Sakaguchi said Japanese firms that give their employees the assurance of job stability should change their pay system, which is largely based on the number of years an employee has worked in the company rather than job performance.

Japanese companies should, therefore, introduce a more efficient job evaluation system, such as those already established in other G-7 countries, Sakaguchi said.

Another lesson Sakaguchi said Japan should learn from its G-7 partners is to foster a job market that would enable workers to change companies more easily, when requiring a new job.

“At a time when vast changes are taking place in industries and at a time when workers too are changing their way of thinking, we too should realize there will be more labor movement across companies and industries in Japan over the long run,” he said.

Speaks to Journalists

*OW1503042894 Tokyo KYODO in English 0342 GMT
15 Mar 94*

[Text] Detroit, March 14 KYODO—Few critical comments were made against Japanese policies at the Group of Seven (G-7) jobs conference in Detroit on Monday [14 March], Labor Minister Chikara Sakaguchi disclosed.

There had been speculation that delegates from the other G-7 nations might criticize Japan in connection with its employment and macroeconomic policies.

Sakaguchi, leading the Japanese delegation to the meeting, told reporters that the ministerial meeting was highly meaningful as the first G-7 conference to discuss employment problems.

Some foreign delegates told the meeting that the other industrial nations should learn from Japan's low unemployment rate—2.5 percent last year, Sakaguchi said.

He also said there was no criticism against his statement that Japan is doing its best to stimulate its economy.

U.S. President Bill Clinton, in a speech earlier Monday to the conference, urged Japan to increase domestic demand as part of more aggressive macroeconomic policies in the industrial world.

Sakaguchi also suggested that employment will be an important issue at the G-7 summit scheduled to be held in Naples, Italy, in July.

Japan

Ozawa U.S. Visit 'Likely' To Be Rescheduled

OW1603031794 Tokyo KYODO in English 0250 GMT
16 Mar 94

[Text] Washington, March 15 KYODO—Shinseito [Japan Renewal Party] Secretary General Ichiro Ozawa is likely to reschedule a canceled visit to the United States, Japanese Ambassador to Washington Takakazu Kuriyama said Tuesday.

"His visit to the U.S. for a lecture meeting has been canceled, but I think he will eventually be able to make the trip," Kuriyama said at a press conference.

Ozawa, a key strategist in the ruling coalition, was expected to travel to Washington next week ostensibly to deliver a speech at the National Press Club.

He was also expected to act as a trouble-shooting envoy for Prime Minister Morihiro Hosokawa in a bid to mend bilateral ties frayed by the breakdown of trade talks last month.

Ozawa told reporters in Tokyo on Tuesday that it would be difficult to make the trip because he has not made any preparations.

He said he would consider making the visit after the intense media speculation over the trip dies down.

In Washington on Tuesday U.S. Trade Representative Mickey Kantor said he would like to meet Ozawa if he receives such a request.

Kantor reportedly told lawmakers that the U.S.-Japan economic relationship "is in serious disrepair," but on reports of an imminent trade war, said "this is not going to happen."

U.S. Postpones Approval of JAL Hawaii Flight

OW1603111894 Tokyo KYODO in English 1054 GMT
16 Mar 94

[Text] Tokyo, March 16 KYODO—The U.S. Government has notified Japan it will postpone approval of a new flight between Sendai in northern Japan and Honolulu, Hawaii, which Japan Airlines (JAL) had been planning to inaugurate, the Transport Ministry said Wednesday.

Ministry officials said the United States has not given an explanation for the postponement, but said their stance is probably in response to Japan's refusal to expand "beyond rights" for U.S. airlines that would allow them to extend their routes beyond Japan to third countries.

The Japanese Government expressed its regrets over the U.S. move through the Japanese Embassy in Washington, ministry officials said.

The government protested that it is a breach of promise by the U.S. side to defer approval of the rights which are based on a 1989 bilateral interim agreement, the officials said.

JAL officials said the company will operate chartered flights for the Sendai-Honolulu route to avoid confusion among passengers.

The once-a-week flights were scheduled to start from Thursday, and reservations until June had reached 75 to 85 percent, they said.

An aviation official of the Miyagi Prefectural Government said he was bewildered by the sudden postponement. "It comes as a shock since we are hoping to increase our international routes in the future," he said.

At the beginning of this year, JAL decided to initiate flights on the route and applied for approval with the U.S. Transport Department on February 10.

Japanese officials said the U.S. probably postponed its approval in light of opposition from U.S. airlines, United Airlines and Federal Express, which have met with Japanese resistance in securing expansion of "beyond rights."

The Hawaiian authorities are in favor of the new route.

The U.S. apparently wants to make approval of the Sendai-Honolulu route an issue to be taken up in bilateral aviation talks, the officials said.

The aviation negotiations have been stalled due to such factors as Japan's refusal to expand "beyond rights," and a timetable for the next round of talks has yet to be set.

They said there is only a slim chance of the U.S. granting approval of the Sendai-Honolulu route in the near future.

Kantor Remarks on U.S. Auto Parts Rejected

OW1603045494 Tokyo NHK General Television
Network in Japanese 0300 GMT 16 Mar 94

[Excerpts] U.S. Trade Representative Mickey Kantor, speaking about Japanese automakers' plans to purchase auto parts, said that these plans need the Japanese Government's guarantee to make them effective. Kantor made the remarks in testimony before the U.S. House of Representatives' Ways and Means Committee on 15 March. [passage omitted]

Concerning the remarks of U.S. Trade Representative Kantor, the government said that in the automobile sector, the amounts to be imported are decided entirely by the thinking of consumers and automakers, and that the government's making a guarantee would lead to the government's meddling in private sector activities.

A government source stated that the recent remarks of U.S. Trade Representative Kantor are aimed at securing some kind of guarantee from the Japanese Government

with respect to Japanese automakers' plans to procure auto parts in a way similar to that found in agreements concluded between private companies of Japan and the United States and also between the governments of the two countries last week regarding the facilitation of plant and equipment investment to benefit a U.S. cellular phone company.

Officials View U.S. Auto Parts, Phone Accords

*OW1603051894 Tokyo KYODO in English 0448 GMT
16 Mar 94*

[Text] Tokyo, March 16 KYODO—The Japanese Government cannot act as a guarantor for voluntary market opening measures pledged by Japan's auto industry, a Japanese trade official said Wednesday.

Government guarantees "mean the government controls business activities and this runs counter to the government's policy of deregulation," said a top official with the Ministry of International Trade and Industry.

The comments were made after U.S. Trade Representative Mickey Kantor pointed to a need for "guarantees of progress" shared equally by Japan's auto industry and government.

Kantor, speaking before the House trade subcommittee on Tuesday, said he is dubious whether voluntary efforts by the auto sector will be effective without government guarantees.

Kantor cited an accord involving Motorola Inc.'s access to Japan's cellular telephone market as a model for deeper involvement by the Japanese Government in ensuring market deregulation.

The government assumed responsibility under the accord for seeing that Japan's Nippon Idou Tsushin [Japan Mobile Communications Corporation] implements the agreement, which will to widen [as received] Motorola's access to the lucrative Tokyo-Nagoya cellular phone market.

In a related development, a Japanese diplomat in Washington said the scope of the government's responsibility for implementing the weekend deal is "limited."

The Japanese diplomat said he could not discuss the content of terms of the cellular deal because the Japanese and U.S. Governments have not exchanged official notes on it.

The accord is a very special case and is not related to ongoing bilateral talks on a new trade framework, the diplomat said.

"The framework talks are not aimed at resolving a complaint by a company," he said.

The diplomat made the remark in reference to comments by some U.S. trade officials who said the cellular phone agreement could serve as a model for issues covered under the framework talks.

The dispute over Motorola's access to Japan's cellular phone market was seen as a flashpoint in bilateral trade relations.

Washington had threatened to impose sanctions against Japan for allegedly not abiding by a 1989 agreement on widening U.S. access to Japan's cellular phone market.

Phone Accord Said Different From Framework

*OW1603083494 Tokyo KYODO in English 0813 GMT
16 Mar 94*

[Text] Tokyo, March 16 KYODO—The solution to a Japan-U.S. dispute over cellular phone trade cannot be applied to other trade issues, a senior Japanese trade ministry official said Wednesday.

The approach taken by Japan's Posts and Telecommunications Ministry in settling the dispute involving Motorola Inc. and Nippon Idou Tshushin Corp. (IDO) is of a different nature from autos and other trade issues covered under the "framework" talks, said Sozaburo Okamatsu, deputy international trade and industry minister for international affairs.

At a luncheon sponsored by the Foreign Correspondents Club of Japan, Okamatsu was responding to remarks by U.S. Ambassador to Japan Walter Mondale in which he welcomed last Saturday's phone trade accord as "a model" for getting the stalled framework talks rolling again.

Citing part of the accord that says Tokyo will take "all available measures to ensure compliance with the commitments" shown by IDO, U.S. Trade Representative Mickey Kantor said the Japanese Government "guaranteed the fulfillment of the agreement."

Telecommunications trade is a regulated sector, requiring a government license or permission to start business while autos and auto components are "completely free trade areas," Okamatsu said.

This remark indicates Japan's renewed opposition to setting "numerical targets" guaranteed by the government by clarifying it has no control over private businesses such as the auto industry.

Okamatsu said a market-opening package to be announced at the end of this month will contain macroeconomic measures.

But he withheld comment on details of the measures, including whether or not the politically sensitive issue of tax cuts will be included.

A specific framework of macroeconomic measures, which is being worked out at the moment, will not be announced at the end of March but will be unveiled around the time of the Naples summit of the seven leading industrialized countries in July, Okamatsu said, echoing an earlier remark made by Chief Cabinet Secretary Masayoshi Takemura.

Okamatsu denied rumors that a discrepancy of views exists over Japan's macroeconomic policy among the trade, finance and foreign ministries.

The Foreign Ministry is said to be receptive toward setting objective criteria on the macroeconomic front, taking into account Japan's current-account surplus as against its gross domestic product, while the Finance Ministry is opposed to the idea. "We have no discrepancy over the issue at vice-ministerial levels," Okamatsu said.

On voluntary plans now being formulated by Japanese automakers to increase imports of U.S.-made auto parts and automobiles, Okamatsu said such plans will not be included in the market-opening package.

"Auto trade is an activity of the private sector," Okamatsu said. "MITI is not in a position to force automakers to do this or that."

Okamatsu said MITI has yet to decide if Japan will extend voluntary restraints on auto exports to the United States for fiscal 1994 starting in April.

He said MITI will "carefully watch the situation" and make a decision on the issue in line with a global trade accord under the General Agreement on Tariffs and Trade that calls for the repeal of such practices within four years.

Foreign Share of Semiconductor Market Reported
OW1603062994 Tokyo KYODO in English 0607 GMT 16 Mar 94

[Text] Tokyo, March 16 KYODO—The foreign share of Japan's semiconductor market is expected to have fallen below 20 percent for the final quarter of 1993, a Japanese Government source said Wednesday.

"It seems difficult" for the share to reach the 20 percent level because there is no room for U.S. suppliers to export because the American economy is strong, the source said.

Under a 1991 agreement on semiconductor trade, Japan and the United States agreed to a 20 percent goal for foreign market share by the end of 1992.

In the final quarter of 1992, the foreign share exceeded that goal, but has been on the decline since.

The foreign share of Japan's microchip market has been a major source of contention between Washington and Tokyo, as the 20 percent share is viewed as a commitment by the United States but as a nonbinding target by Japan.

Fujii Comments on Market-Opening, Trade Issues
OW1603104594 Tokyo KYODO in English 1020 GMT 16 Mar 94

[Text] Tokyo, March 16 KYODO—Finance Minister Hirohisa Fujii on Wednesday did not rule out including a tax reform promise in a package of market-opening measures now being compiled.

Fujii indicated no objections at a regular news conference to including the government's commitment to overhaul the tax system this year in the market measures due this month.

He was asked about a suggestion Tuesday by Chief Cabinet Secretary Masayoshi Takemura to include the tax reform plan in the "voluntary" market-opening steps to address Japan-U.S. trade disputes.

Fujii repeated that the governing coalition has already vowed to enact in this Diet session a permanent tax overhaul that shifts the tax burden away from direct taxes, such as those on income, toward such indirect levies as the consumption tax.

Washington has called Japan's fiscal stimulus steps too paltry to boost domestic demand to help curb Japan's trade surplus. U.S. officials fault the one-year nature of the 6 trillion yen in income and resident's tax cuts decided on last month.

Fujii refused to comment on reports that the fiscal 1994 budget might be delayed or that his ministry is preparing a provisional budget as opposition lawmakers are blocking the budget debate by wrangling over a questionable loan to Prime Minister Morihiro Hosokawa.

The finance minister repeatedly stressed that the ministry wants the budget debate and enactment to proceed as quickly as possible but would not offer a time frame.

He said quick enactment would be "a plus for real demand" but would not say whether delays would hurt the economy.

He repeated that Japan does not plan to offer any new trade measures to the U.S. when Fujii meets U.S. Treasury Secretary Lloyd Bentsen this weekend at a conference of Asia-Pacific Economic Cooperation (APEC) forum members.

Whether he will meet separately with Bentsen at the Hawaii meeting has not been decided, Fujii said, repeating that the APEC conference is for discussing regional economics and "is not a place for negotiating."

Outline of Bill on Foreign Lawyers Unveiled
OW1603133894 Tokyo KYODO in English 1305 GMT 16 Mar 94

[Text] Tokyo, March 16 KYODO—Japan has prepared a draft amendment to legislation that would partially lift

curbs on foreign lawyers wishing to practice in Japan, officials said Wednesday [16 March].

The draft, released to members of the House of Representatives justice committee, constitutes a proposed amendment to a law regulating the professional activities of foreign lawyers in Japan.

The draft bill envisions conditionally authorizing Japanese and foreign lawyers to run a joint law firm and provide legal consultation services, although it will keep a ban on the personal hiring by foreign lawyers of Japanese lawyers in Japan.

One of the two conditions mandates that Japanese lawyers wishing to start a joint law firm must have practiced for more than five years since registering with the Japan Federation of Bar Associations.

Under the other condition, however, the proposed legislation will continue to bar foreign lawyers from arguing both criminal and civil cases in Japanese courts.

If the two conditions are met, a joint law firm as an entity will be authorized to hire Japanese lawyers, according to the text of the bill.

If enacted, the amendment will allow a client to receive consultation services regarding Japanese and foreign laws from a single law firm.

The government plans to introduce the amendment in parliament in early April. If approved, it will come into force within a year.

The amendment will also soften the current law's principle of mutual benefits, thereby authorizing lawyers from countries that ban foreign lawyers' activities to practice law in Japan.

The amendment calls for qualifying foreign lawyers, who have practiced law for more than five years in countries where they obtained licenses, to practice law in Japan.

It will also soften a five-year requirement by allowing such lawyers to count up to two years of practicing law in Japan as a legal trainee as part of the five-year requirement.

The legislation will allow foreign law firms to use in Japan the corporate names they use in their countries of origin.

The amendment was sketched out as a result of joint study by the Japan Federation of Bar Associations and the Justice Ministry.

Its broad outline was released as part of a package of pump-priming economic measures in February by the government of Prime Minister Morihiro Hosokawa.

Hosokawa 'Concerned' by PRC Defense Buildup

OW1603131794 Tokyo KYODO in English 1249 GMT 16 Mar 94

[Text] Tokyo, March 16 KYODO—Prime Minister Morihiro Hosokawa will tell Chinese leaders during his March 19-21 visit to China that Japan is concerned about China's increasing defense expenditure, government sources said Wednesday [16 March].

The sources said Hosokawa will also express Japan's hope that China will institute a permanent moratorium on nuclear tests and ensure the peaceful transition of Hong Kong from Britain to China in 1997.

China resumed nuclear tests in October and the sources said Hosokawa will explain that Japan harbors deep concern over the tests as a country which has been on the receiving end of two atomic bombs.

The same sources said Hosokawa will explain during his meetings with Premier Li Peng and President Jiang Zemin that China's neighbors are concerned about its defense buildup.

He will also explain that greater openness or "transparency" in China's defense budget would help alleviate concerns.

They said Hosokawa will tell the Chinese that they need to curb their defense expenditure if they are to ensure the continuation of their most-favored-nation (MFN) status with the United States and join the General Agreement on Tariffs and Trade (GATT).

He will also tell the Chinese that Japan will only give aid to a country if it can be sure the money will not be used for military purposes and that Japan will also take the country's arms exports into account when assessing the amount of aid, the sources said.

Last week China announced an increase of some 22.4 percent over 1993 in its defense budget to 52.04 billion yuan (about 653 billion yen), up from last year's 42.5 billion yuan (about 533 billion yen).

Government Said 'in a Quandary'

OW1603125294 Tokyo KYODO in English 1205 GMT 16 Mar 94

[“News focus” by Miu Oikawa Dieter]

[Text] Tokyo, March 16 KYODO—When Prime Minister Morihiro Hosokawa meets Chinese leaders during his trip this weekend, he is expected to speak more frankly on the human rights issue than his Japanese predecessors, though in softer tones than U.S. Secretary of State Warren Christopher who visited China earlier this month.

“We are very much interested in the question” of China's human rights, Foreign Ministry spokesman Terusuke Terada said, confirming that the issue will be on

the agenda in Hosokawa's meetings with President and Communist Party leader Jiang Zemin and Premier Li Peng between March 19 and 21.

"We are in a position to offer the Chinese Government friendly advice" on the human rights problems, the spokesman said.

He did not elaborate on what this "advice" would be, but government sources have suggested Japan is likely to call on Beijing to urgently tackle the problem "in an internationally understandable way," without mentioning specific cases such as the recent detainment of prodemocracy activists.

Following the intense exchanges on human rights during Christopher's trip to Beijing last weekend, the Japanese Government is in a quandary over the extent to which Hosokawa should refer to the problem.

Japan, which has traditionally taken a different approach on human rights issues from Western countries, is torn between the United States and China.

Hosokawa agreed to Christopher's request to bring up the human rights issue in his talks with Chinese leaders.

Christopher told Japanese leaders last week the U.S. considers improvement in the human rights area as an important condition to extend most-favored-nation (MFN) trade status to Beijing and called for Japanese support in pushing China's leadership to improve its human rights records.

Meanwhile, Chinese Vice Premier Zhu Ronghi told Hosokawa in Tokyo last month he does not think it appropriate to link China's human rights record to the renewal of MFN status.

China's MFN status, which must be extended every year under U.S. law, ends in June. Washington has linked further extension this year to a "significant overall improvement" in China's human rights record.

Japan, whose ties with Washington have soured during the past month over trade disputes, does not want to upset the U.S. further in either the political or security arenas—the other two main areas of bilateral relations—and thus wants to avoid seeming too restrained in persuading China on human rights improvement.

But Japan also does not want to upset Beijing, which insists that human rights are an internal affair, by pushing the issue too hard lest it damage Sino-Japanese relations.

Tadashi Ikeda, the incumbent deputy foreign minister and former director general of the Foreign Ministry's Asian Affairs Bureau, explained the nature of Japan's approach on human rights in the February issue of "GAIKO FORUM," a monthly magazine on diplomacy.

Japan considers "confrontational approaches" on human rights problems ineffective, and regards an

approach which takes account of a country's social, economic and political situations as more realistic, Ikeda wrote.

Since Western countries have themselves developed in those areas over a long period, Japan thinks it unrealistic to urge developing nations to ensure human rights immediately or put pressure on them, he wrote.

It was this policy which led Japan to break with its Group of Seven (G-7) partners and resume official loans to China in 1990 after the G-7 had announced sanctions against Beijing at the Paris summit in July 1989 following the military crackdown on the prodemocracy movement at Tiananmen Square the previous month.

In August 1991, then Prime Minister Toshiki Kaifu was also the first leader among major developed countries to visit China since the Tiananmen Square incident.

Foreign Ministry officials said the expression Hosokawa is to use in calling on China to improve its human rights record is not yet decided.

Hosokawa told his aides he wants to say what he "ought to say" concerning the matter, suggesting that he would speak out on the issue more frankly than the previous prime ministers from the Liberal Democratic Party (LDP), according to government sources.

Since assuming the premiership last August, Hosokawa has been trying to break away from nearly four decades of LDP traditions and develop more originality—in everything from the way he gives news conferences to expressing apologies for Japanese actions during World War II, which was something of a taboo for his predecessors.

Using strong expressions or not, Hosokawa will urge China to improve its human rights record by suggesting that Beijing could better win international support and understanding for its economic reform policy if it convinces other nations of its desire to improve internal problems, including human rights, the sources said.

'No Major Progress' Expected From Moscow Visit

*OW1603092694 Tokyo KYODO in English 0853 GMT
16 Mar 94*

[Text] Tokyo, March 16 KYODO—Foreign Minister Tsutomu Hata leaves for Russia on Saturday [19 March] for talks with Russian Prime Minister Viktor Chernomyrdin and Foreign Minister Andrey Kozyrev, but no major progress on a long-standing bilateral territorial dispute is expected from the meetings.

All indications are that Tokyo and Moscow will achieve no major breakthrough on the territorial row during Hata's three-day visit, since the new Russian parliament is dominated by ultrarightists and conservatives opposed to returning the four disputed islands in question to Japan.

Hata is scheduled to meet Chernomyrdin and Kozyrev on Monday.

Government sources said Hata is likely to agree to Japanese financial and technical assistance for the construction of radioactive liquid waste disposal facilities to avert further dumping of such waste by Russia into the Sea of Japan.

They said the foreign minister, who doubles as deputy prime minister, will also strongly press Russia to exert its influence over North Korea toward a resolution of the nuclear issue.

A meeting with Russian President Boris Yeltsin is seen as unlikely since Hata's visit coincides with Yeltsin's vacation.

The sources said Hata will agree to provide Russia with additional humanitarian assistance and will convey Japan's readiness to help train Russians to acquire a basic knowledge of the market economy system and in business management.

To that end, Japan plans to establish several "Japan Center" facilities in such cities as Moscow, Vladivostok and Khabarovsk. In addition, hundreds of young Russian entrepreneurs will be invited to Japan.

Hata is expected to face calls from the Russian side for the Group of Seven major industrialized nations to be expanded to a Group of Eight to include Russia.

Hata, Ecuadoran Counterpart Exchange Aid Documents

OW1503115694 Tokyo KYODO in English 0951 GMT 15 Mar 94

[Text] Tokyo, March 15 KYODO—Japan is to grant Ecuador a total of 1,123 million yen to improve medical services and help buy equipment for a national theater, Foreign Ministry officials said Tuesday [15 March].

Foreign Minister Tsutomu Hata and his counterpart from Ecuador, Diego Paredes Pena, exchanged documents on the assistance, which comprises 1,074 million yen for medical equipment in major hospitals and 49 million yen in cultural grant-in-aid for equipment for the national Sucre theater, the officials said.

There is a chronic shortage of medical equipment in major cities despite an increase in the number of patients, they said.

The Ecuadoran Government has a project to beef up medical equipment in major hospitals in three cities—the capital city of Quito, Guayaquil and Portoviejo, and had asked Japan to help with equipment for surgery, gynecological treatment and for intensive care units, they said.

The aid will be used to pay for equipment for four of the eight hospitals in the three cities, they said.

It brings the total amount of Japanese grant-in-aid to Ecuador to some 1.6 billion yen, the officials said.

Meanwhile, the cultural grant-in-aid will be used to purchase sound, lighting and audiovisual equipment for the national Sucre theater in Quito, which has audiences totaling 40,000 people a year, they said.

Ecuadoran Asks Lenient Repayment

OW1603100594 Tokyo KYODO in English 0939 GMT 16 Mar 94

[Text] Tokyo, March 16 KYODO—Ecuador's President Sixto Duran-Ballen asked Japan on Wednesday [16 March] to implement a lenient rescheduling plan for its foreign debt repayment.

Duran-Ballen, speaking to reporters at the Japan National Press Club, said Ecuador hopes Japan will allow it to defer payment of its debts to Japan totaling 6.9 billion yen as of August 1992.

He also said Ecuador will not return to the 12-member Organization of Petroleum Exporting Countries (OPEC).

Ecuador, citing dissatisfaction with oil production quotas set by OPEC, withdrew from the organization in November 1992.

Duran arrived in Japan on Monday on his first leg of a two-nation tour. He met Prime Minister Morihiro Hosokawa and Foreign Minister Tsutomu Hata on Tuesday. He will leave for China on Friday.

Miyazawa Denies Kanemaru Requested Help in Case

OW1603081194 Tokyo KYODO in English 0728 GMT 16 Mar 94

[Text] Tokyo, March 16 KYODO—Former Prime Minister Kiichi Miyazawa denied Wednesday [16 March] being asked by disgraced kingpin Shin Kanemaru to convey his message on the government fair trade watchdog that he was willing to cooperate in toughening antimonopoly law penalties in exchange for not filing a criminal complaint in a bid-rigging case.

Informed sources said Kanemaru, a former power broker in the Liberal Democratic Party (LDP), visited Miyazawa twice between December 1991 and January 1992 to call for his support to prevent an accusation by the Fair Trade Commission (FTC) against a 66-member cartel of building contractors in Saitama Prefecture over a bid-rigging practice.

Kanemaru promised Miyazawa to cooperate with an FTC plan to raise the maximum penalty on corporations which violate the antimonopoly law, the sources said.

At that time Japan was urged by the United States to raise penalties against violators of the law during the Structural Impediments Initiative talks.

The former prime minister summoned then FTC chairman Setsuo Umezawa to the prime minister's official residence in February 1992 and conveyed Kanemaru's message, the sources said.

Following the meeting, Umezawa met former Construction Minister Kishiro Nakamura, who was arrested last Friday for allegedly accepting a 10 million yen bribe from major contractor Kajima Corp. in January 1992, the sources said.

Kajima was the key member of the cartel. Prosecutors said the money was intended as a reward for using his influence to help prevent the FTC from filing an accusation against the cartel.

Nakamura, then deputy chairman of the LDP panel on antimonopoly laws, who quit the LDP last Wednesday, reversed his initial reluctance to support the penalty hikes.

The LDP agreed in March of that year to raise the penalty from 5 million yen to 100 million yen.

The FTC announced in May 1992 that it would not file an accusation with prosecutors against the cartel.

Miyazawa said, "The integrity of the FTC must be respected and I have respected it."

Kanemaru retired from politics in October 1992 and is currently on trial on charges of evading more than 1 billion yen in taxes.

SDPJ Urges Coalition To Reconcile Defense Gap

*OW1603111494 Tokyo KYODO in English 1052 GMT
16 Mar 94*

[Text] Tokyo, March 16 KYODO—The No. 2 man of the Social Democratic Party (SDP) urged coalition partners Wednesday [16 March] to come closer to its policy on defense and peacekeeping issues as a prerequisite to fielding joint candidates in the next general election.

SDP Secretary General Wataru Kubo told reporters at the Japan National Press Club, "our party opposes a proposal to develop Japan's military capability under the slogan of making Japan a normal country."

He apparently was alluding to a best-selling book by coalition strongman Ichiro Ozawa, secretary general of Shinseito, a core party in the coalition.

"It is our goal to make Japan an unarmed country and eventually eliminate military forces from the world," said Kubo, secretary general of the biggest force in the seven-party coalition.

In the book "Nihon Retto Kaizo Keikaku" (program to reform the Japanese archipelago), Ozawa proposed that Japan expand its role in UN peacekeeping operations so that it is perceived overseas as a "normal country."

"I believe we need to maintain some intra-coalition differences on this issue to pursue our goal and live up to the spirit of the Constitution," he said, referring to Article 9 of the Constitution that bans the use of force to settle international disputes.

Kubo said the coalition should hammer out a policy coordination accord similar to an agreement reached July 29, 1993 under which they formed an alliance by reconciling policy differences on key issues such as foreign, defense and farm policies.

"At that time, the SDP urged other partners to include wording on reform of foreign and defense policies into the text of the seven-party accord document. As a result, it adopted a phrase that says Japan should assume the responsibility of pursuing peace and disarmament," he said.

"If the coalition parties want to merge into a new large party, we should sketch out a firm policy coordination agreement as a vital first step that would enable such joint fielding of candidates."

Prime Minister Morihiro Hosokawa has argued that unity among candidates of the seven coalition parties is crucial to defeating the No. 1 opposition Liberal Democratic Party.

A political reform package passed in late January is designed to introduce 300 single-seat constituencies and 200 seats chosen through proportional representation in elections for the House of Representatives.

Shinseito Steps Up Intracoalition Alliance Moves

*OW1603144194 Tokyo KYODO in English 1401 GMT
16 Mar 94*

[Text] Tokyo, March 16 KYODO—Leaders of the key coalition party Shinseito stepped up efforts Wednesday [16 March] to form a closer alliance with Prime Minister Morihiro Hosokawa's Japan New Party (JNP), officials said.

However, new party Sakigake, another member of the seven-party coalition, criticized the move as a betrayal of an agreement it reached with the JNP eight months earlier to form a new party.

Hosokawa, who is JNP head, swiftly responded to Sakigake's criticism and said he has never talked about such an alliance plan with Shinseito Secretary General Ichiro Ozawa, who is regarded as the chief coalition strategist. "I have never discussed (with Ozawa) a plan to form a large parliamentary group," he said.

On Tuesday, coalition sources said the JNP and Shinseito (Japan Renewal Party) have agreed to form a single parliamentary group in the House of Representatives in late April.

Kozo Watanabe, Shinseito's deputy secretary general, sought to salvage the alliance plan, telling reporters, "We

intend to aim at forming such a group, although it may not be called an agreement."

"It is desirable for coalition parties to form a unified new party, so we want to strike a merger deal primarily with the Japan New Party and Sakigake," he said.

Ozawa's close associate Keisuke Nakanishi, who was former Defense Agency director general, agreed with the secretary general of another coalition party, the Democratic Socialist Party (DSP), to initiate talks among rank-and-file legislators from the two parties with an eye to forming a large parliamentary group inside the lower chamber, the officials said.

Earlier this month, Hosokawa said the coalition would be at a disadvantage in the next general election unless it overcame internal rivalry and agreed to file a joint candidate in each of the 300 newly created single-seat constituencies in the lower chamber.

Poll: Cabinet's Disapproval Rating Grows

*OW1603055394 Tokyo KYODO in English 0450 GMT
16 Mar 94*

[Text] Tokyo, March 16 KYODO—The approval rating for the cabinet of Prime Minister Morihiro Hosokawa remains around 60 percent, but the ratio of those disapproving grew by 7.5 percentage points since December, according to a poll published Wednesday [16 March] by KYODO news service.

Nearly one-third of the respondents expressing disapproval of the cabinet cited Hosokawa's "lack of leadership" as their reason for not believing in the seven-month-old government.

The public opinion survey on March 12 and 13 asked 3,000 eligible voters nationwide for their views and received responses from 1,995 people. The results were compared with a similar poll conducted in December.

The pollsters found that the approval rating for the cabinet slipped from 62.8 percent to 61.5 percent.

Of the cabinet supporters, 31.9 percent said there is no other appropriate person to head the government, while another 23.9 percent said they trusted the prime minister.

Another 17.9 percent, an increase of nearly 3 percentage points, said they approved of the cabinet because it was not a Liberal Democratic Party (LDP) cabinet. The LDP was ousted last summer by the Hosokawa-led coalition after 38 years as the party in power.

Meanwhile, the cabinet's disapproval rating grew from 24.4 percent to 31.9 percent over the last three months.

A total of 31 percent of the people disapproving of the cabinet saw the prime minister as lacking the ability to lead, three times the number in the previous survey.

Hosokawa's plan, later withdrawn, of creating a "social welfare tax" and his aborted plan to reorganize his cabinet have been cited by political pundits as evidence of weak leadership.

Instability within the coalition government was cited as a reason for nonsupport by 17.6 percent of the people, but that was about half the ratio in the previous poll. Still, 16.6 percent of the discontented respondents do not like the cabinet's economic policies.

As for the individual political parties, support for the opposition LDP was still the largest, but slipped from 27.9 percent to 25.4 percent.

Support for Hosokawa's Japan New Party remained about the same at 13.2 percent, while Shinseito [Japan Renewal Party], said to be the key force behind the coalition government, was supported by 12.1 percent of the respondents.

The support rate for new party Sakigake [Harbinger], nearly tripled from 2.6 percent to 7.2 percent.

Still, 19.4 percent of the respondents said they do not support any political party.

Ministry Begins Compiling Provisional Budget

*OW1603112494 Tokyo KYODO in English 1108 GMT
16 Mar 94*

[Text] Tokyo, March 16 KYODO—The Finance Ministry on Wednesday [16 March] began compiling a 50-day provisional budget for fiscal 1994, which starts next month, with record spending of about 11 trillion yen, government sources said.

They said the ministry intends to complete and submit the provisional budget by March 29.

The budget is expected to pass the House of Representatives on March 30 and the House of Councillors the following day to become law, they said.

The Diet is now stalled in its deliberations on the fiscal 1994 budget package and it seems certain that the measures will be passed well beyond the April 1 start of fiscal 1994.

The current ordinary Diet session is at an impasse over demands by the opposition Liberal Democratic Party for a full accounting from Prime Minister Morihiro Hosokawa of a 100 million yen loan he received from a scandal-ridden company.

The delay in enacting the budget has dampened hopes of a quick economic upturn. The budget focuses on policy spending to put the economy on the path of full-fledged recovery.

The sources said the provisional budget will incorporate labor, operating and other expenses to keep administrative machinery functioning as well as social welfare spending and tax grants to local governments.

Outlays for ongoing public works to be carried over from fiscal 1993 will also be included but new policy spending is not subject to the bridge budget.

This is because the economy will be supported on the fiscal side by the recently enacted fiscal 1993 third supplementary budget that finances large chunks of a previous 15.25 trillion yen stimulus package, the sources said.

On the revenue side, they said the ministry is to raise funds mainly through treasury bills to cover an expected revenue shortfall at the onset of the fiscal year when tax revenues are normally low.

The 50-day provisional period is the second longest in post-World War II history, matching that of bridge budgets formed in fiscal 1987, 1989 and 1990.

The total amount of about 11 trillion is a rough calculation that adds increased labor and other necessary expenses on a 50-day provisional budget worth 10.2 trillion yen in fiscal 1990, the sources said.

Wholesaling of Electric Power Plans Reported

*OW1603145794 Tokyo KYODO in English 1435 GMT
16 Mar 94*

[Text] Tokyo, March 16 KYODO—The government plans to allow firms to set up power companies to sell electricity to electric power companies from spring next year, government officials said Wednesday [16 March].

The Electricity Utility Industry Council, an advisory body to the international trade and industry minister, set up a panel Wednesday to discuss easing rules and will come up with a detailed plan by the end of June.

Currently, firms can only sell electric power that has been left over at power generators being used in their plants.

If firms are allowed to join the wholesale electricity market, "the competition should help lower fees for general use in the long term," an official at the trade ministry said.

Firms that have a certain standard of technology will in principle be allowed to freely start the business, instead of getting a license from the trade minister as currently required, the officials said.

North Korea

North-South Contact Held in Panmunjom 16 Mar

Chief Delegate's Account Cited

*SK1603104194 Pyongyang KCNA in English 1031
GMT 16 Mar 94*

[Text] Panmunjom, March 16 (KCNA)—The seventh working-level contact for the exchange of presidential

envoys between the North and the South was held behind closed doors at the Tongil House in the northern portion of Panmunjom today.

At the end of the contact the head of the North side's delegation briefed home and foreign reporters on the contact here.

According to him, the North side at the contact urged the South side to accept the reasonable proposal it had made at the sixth contact, a proposal to announce in a joint communique that the sides confirmed again each other's will for the exchange of special envoys and agreed on their early exchange. At today's contact it also proposed to the South side to clinch the discussion of working procedures on the basis of the North-tabled "Agreement on the Exchange of Presidential Envoys Between the North and the South" and sign the agreement.

The South side, however, repeated trite words this time, too. It categorically objected to the North side's proposal of publishing a joint communique and to its suggestion that the questions of observing the principle of national independence, deciding on the way of national reunification and of promoting the great unity of the whole nation be stipulated in the draft agreement with regard to the mission of special envoys.

Drawing attention to the fact that the South side's "minister of the unification board" yesterday officially predicted that Wednesday's working-level contact would end in failure, the North side said this remark itself showed a very dangerous position.

Much upset, the South side tried to parry it with the subterfuge that reporters gave a wrong account of what the "minister of the unification board" said.

The process of the contact today clearly showed that the South side was taking a stand to put the brakes on the third round of DPRK-USA talks by deliberately creating difficulties in the way of discussion of working matters for the exchange of special envoys.

It was agreed to have the next, 8th working contact in the Southern portion of Panmunjom on March 19.

Radio Reports 16 Mar Contact

*SK1603131694 Pyongyang Korean Central
Broadcasting Network in Korean 1210 GMT 16 Mar 94*

[Text] The seventh working-level delegates contact for the exchange of top-level special envoys of the North and South was held on 16 March behind closed doors at Tongilgak in our side's area of Panmunjom.

After the end of the contact, our side's head delegate briefed domestic and foreign reporters on the contact on the spot.

In the contact, our side first of all talked about the justness of our broad-minded measure and proposal on announcing a joint communique at the sixth working-level delegates contact, and pointed out as follows on the

South side's unreasonable position on rejecting the demand to announce the joint communique.

As already known, at the sixth working-level delegates contact, from the position to realize as soon as possible the exchange of special envoys of the North and South in whatever way and amid a good atmosphere, our side took a broad-minded and epoch-making measure by paying attention to the South side's expression on several occasions that it (?understands) the validity regarding the four just demands which we already put forth, even though it is insufficient.

Thus, a firm prospect was opened between the North and South for the exchange of special envoys. Henceforth, at the last contact our side put forth a constructive proposal to announce at home and abroad a joint communique that both sides reconfirmed the intention to exchange special envoys, and agreed to realize the exchange of special envoys as soon as possible.

Nevertheless, at that time, rather than showing a positive response to our sincere proposal, the South side assumed a self-complacent [toksonjogin] attitude and persistently opposed our proposal. Therefore, in today's contact, our side insisted that the South side return to the position of reconciliation and unity to accept our side's just proposal to announce the joint communique, tie the knot [maedup chitgo] on the discussion of the working procedures based on the agreement on the exchange of top-level special envoys of the North and South, which we put forth, and sign the agreement.

However, the South side again objected to our side's proposal repeating trite [kutae uiyonhan] words. Without any reason, the South side objected to our side's proposal to issue a joint communique stating that the two sides reconfirmed their will to exchange special envoys and decided to exchange special envoys at an earliest date, and to our suggestion that the questions of observing the principle of national independence, finalizing the method of national reunification, and of seeking after the great unity of the whole nation be stipulated in the draft agreement regarding the mission of the special envoys.

In connection with the South side's insincere attitude, our side expressed deep regret and disappointment, urged that if the South side has no intention to exchange special envoys or if it wants to give up it should say so, and strongly demanded a clear attitude without no further delay.

Drawing attention to the fact that the South side's minister of the National Unification Board [NUB] yesterday said that the working-level contact would end in failure, our side also pointed out that this remark itself shows a very dangerous position. Our side stressed that this is why we became more suspicious [uisim] over the South side's position on the special envoy exchange, and demanded the South side to show its clear attitude.

The South side avoided answering our side's reasonable assertion [sarijongyonhan chujang] and demands which are based on principle.

After the opening remarks, the two sides began discussions on the working procedures. Here, our side again refuted the fact that the South side is not accepting our side's just demand regarding the mission of special envoys. Asserting that independence is the life of the nation, our side questioned why the South side insists on objecting to defining the question of observing the principle of national independence as one of the missions of the special envoys, while the South side is far off the track [molli talsonhae innunde] of keeping an independent position.

Our side also questioned why the South side is afraid of the great unity of the nation and why it objects to this while it is necessary to seek after the great unity of the whole nation in order to achieve the nation's reunification, and demanded to define the missions of the special envoys in accordance with the nation's interest and the reality of North-South relations.

However, the South side arbitrarily [topo notko] took an attitude to object to this again without being able to give an acceptable reason.

Our side questioned why the South side asks [chongtak] the outside force to make the exchange of special envoys of the North and the South a precondition for the third round of DPRK-U.S. talks and why it uses the issue of the exchange of special envoys as a means to put a brake on and interfere with the DPRK-U.S. talks—shouldn't the South side live on its own decision in its right mind by now?—and urged it to answer the questions.

The South side kept avoiding answering the questions and insisted on working out the working procedures only in conformity with its proposal.

Our side pointed out that the South side's attitude in today's contact well proves that the hasty remark made by the South side's NUB minister that the working-level delegates contact will result in a failure is by no means a coincidence under the condition that it did not show sincerity in our broadminded and tolerant [taebomhagodo aryangitnun] position. Our side once again insisted that so as not to give any more disappointment to the nation, we should announce the fact in the form of a joint communique that both sides agreed to exchange special envoys as soon as possible, which is to give happiness to the nation.

Nevertheless, the South side made excuses regarding the remark by its side's NUB minister as a false report by reporters. It rejected to the end our proposal to announce a joint communique.

It was clearly proven in the process of the contact that if our side's position is to realize as soon as possible the exchange of special envoys in accordance with the nation's desire, the South side's position is to put the

brakes on the third round of DPRK-U.S. talks by creating an artificial barrier in the discussion of the working procedures for the exchange of special envoys.

It was agreed that the eighth working-level delegates contact will be held on 19 March in the South side area of Panmunjom.

ROK 'Underground' Student Group Adopts Letter
SK1603043694 Pyongyang KCNA in English 0402
GMT 16 Mar 94

[Text] Pyongyang, March 15 (KCNA)—The "Sobaeksu-hoe," an underground circle of Seoul National University which was inaugurated on February 5, adopted a letter to the one million students of South Korea on March 1 calling on them to deal a sledge-hammer blow at outside forces and the "civilian fascists" and play the role of detonator and bomb in making 1995 the year of reunification, the Seoul-based Radio Voice of National Salvation reported.

Noting that to put an end to the domination and interference of outside forces, ostracize the "civilian fascists" and immediately terminate the tragedy of national division was our fellow countrymen's desire and a solemn request of the time, the letter said:

The basic way of overcoming the present difficulties and accomplishing the national-historic cause is to achieve great national unity with the illustrious leader of the nation as the centripetal point.

Our people's deep reverence for and trust in the dear leader Mr. Kim Chong-il, the lodestar, is an expression of the faith and will that stem from the belief that the destiny of a nation is orientated by an illustrious leader.

We, the vanguards of the "Sobaeksu-hoe" ardently call on the one million students who value justice and truth to greet national reunification in 1995 at any cost, braving all the difficulties and trials and remaining loyal and devoted to the dear leader Mr. Kim Chong-il, the destiny of the nation and the lodestar of the era of independence.

Daily Warns Japan Against Nuclear Armament
SK1603042994 Pyongyang KCNA in English 0418
GMT 16 Mar 94

["Japan's Nuclear Armament Is Obstacle to Denuclearization of Korean Peninsula"—KCNA headline]

[Text] Pyongyang, March 16 (KCNA)—We cannot remain an on-looker to Japan's nuclear armament which is blocking the denuclearization of the Korean peninsula, says a NODONG SINMUN analyst today.

The analyst goes on:

Japan's nuclear armament is an obstacle to the process of denuclearization of the Korean peninsula because it can cause a new nuclear arms race in this region.

If the situation on the Korean peninsula is to be eased and denuclearization to be realized, nuclear weapons must be removed in and around the region, above all. The nuclear armament being promoted in Japan, however, will inevitably give rise to a new nuclear arms race in the Korean peninsula and its surroundings. Moreover, Japan takes the DPRK as the first target of attack for its overseas aggression.

If the Korean peninsula is to be denuclearized, an environment and conditions for it must be created in this region. The denuclearization of the Korean peninsula presupposes the removal of nuclear threat, and if it is to be realized substantially, a nuclear threat must be eliminated in its surroundings. Under the conditions where Japan is stepping up its nuclear armament, the North-South joint declaration on denuclearization will be reduced to a good-for-nothing one and the denuclearization of the Korean peninsula will be, in fact, meaningless.

In actuality, the Japanese reactionaries do not want to see the nuclear issue on the Korean peninsula settled, the North-South joint declaration on denuclearization implemented and the Korean peninsula turned into a nuclear-free, peace zone, for they may lose the ground for nuclear armament when the nuclear issue on the Korean peninsula is fundamentally and completely settled and this region is turned into a nuclear-free zone. Their ulterior intention is to oppose the solution of the nuclear issue on the Korean peninsula, aggravate the military confrontation and tension in this region and thus step up Japan's nuclear armament on a legitimate basis.

The Japanese reactionaries must immediately stop their criminal nuclear armament that snags the denuclearization of the Korean peninsula.

Hwang Chang-yop, Delegation Visit SRV, Laos

Delegation Tours SRV Cities

SK1503065194 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 12 Mar 94

[Text] A delegation of the Workers' Party of Korea [WPK] led by Hwang Chang-yop, secretary of the WPK Central Committee, which is now visiting Vietnam, on 8 March laid a wreath on Ho Chi Minh's tomb.

On 9 March, the delegation met with Nguyen Van Linh, adviser to the Vietnamese Communist Party [CPV] Central Committee.

At the meeting, Adviser Nguyen Van Linh asked the head of the delegation to convey his sincere greetings to the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il.

During its stay, the delegation met and held talks with the secretary of the Hanoi municipal party committee and the secretary of the Ho Chi Minh municipal party

committee, who are members of the CPV Central Committee Political Bureau, and responsible functionaries of organizations of friendship and solidarity with the Korean people.

The delegation also toured economic and cultural facilities in Hanoi City and Ho Chi Minh City, and attended banquets arranged by the secretary of the Ho Chi Minh municipal party committee, who is a member of the party Central Committee Political Bureau, and by the secretary in charge of foreign affairs in the party Central Committee.

WPK Delegation Arrives in Laos

*SK1503073694 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 12 Mar 94*

[Text] A delegation of the Workers Party of Korea [WPK] headed by Hwang Chang-yop, secretary of the WPK Central Committee, arrived in Vientiane on 10 March for a visit to Laos.

The delegation was greeted at the airport by (Tongsin Tamwaoung), member of the Political Bureau of Lao People's Revolutionary Party [LPRP] Central Committee and chairman of the party's organizational committee, other officials concerned, and ambassador of our country to Laos.

The delegation laid a wreath at the tomb of the Unknown Soldiers that afternoon. Following this, talks were held between the WPK delegation and the LPRP delegation.

Members of the WPK delegation led by Hwang Chang-yop, secretary of the WPK Central Committee, and ambassador of our country to Laos, representing our side, and Thongsing Thammavong, member of the LPRP Central Committee Political Bureau and chairman of the party's organizational committee, and other officials concerned representing the other side, attended the talks.

At the talks, chairman of the organizational committee of the LPRP, said he highly assesses that the WPK and Korean people tenaciously defended socialism under the wise leadership of the great leader Comrade Kim Il-song and dear leader Comrade Kim Chong-il without wavering even by the U.S. imperialists' maneuvers of menace, and are advancing socialism based on the principle of self-reliance.

The LPRP arranged a banquet to welcome the WPK delegation that evening.

Secretary of the WPK Central Committee, and chairman of the LPRP organizational committee, made speeches at the banquet. The participants in the banquet toasted to good health and long life of the great leader Comrade Kim Il-song, of the dear leader Comrade Kim Chong-il, and of the leaders of Lao party and state.

Meanwhile, the delegation left Hanoi on 10 March after completing the visit to Vietnam. The delegation was seen off at the airport by (Honghua), secretary in charge of external affairs of the Vietnamese Communist Party Central Committee, other officials concerned, and ambassador of our country to Vietnam and Embassy staff.

Meets Lao Party Chief

*SK1503085794 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 13 Mar 94*

[Text] Khamtai Siphandon, chairman of the Lao People's Revolutionary Party Central Committee, received the Workers Party of Korea [WPK] delegation led by Hwang Chang-yop, secretary of the WPK Central Committee, on 11 March.

During the meeting, the head of the delegation conveyed the great leader Comrade Kim Il-song's and the dear leader Comrade Kim Chong-il's greetings to Chairman Khamtai Siphandon. The chairman expressed deep gratitude, and asked the head of the delegation to convey his and the Laos party and state leaders' sincere greetings of long life to the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il.

The talks were held in a friendly atmosphere. The chairman of the party organization committee who is also a Politburo member of the Lao People's Revolutionary Party Central Committee; other functionaries concerned; and the DPRK ambassador to Laos were on hand.

Vice Foreign Minister Departs on Asian Tour

*SK1503150894 Pyongyang KCNA in English 1503
GMT 15 Mar 94*

[Text] Pyongyang, March 15 (KCNA)—A delegation of the DPRK Ministry of Foreign Affairs headed by Vice Minister Kim Chang-kyu left here today by air to visit Asian countries.

Cambodian King Sends Thanks to Kim Il-song

*SK1603053494 Pyongyang KCNA in English 0409
GMT 16 Mar 94*

[Text] Pyongyang, March 16 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea on March 12 received a letter of thanks from His Majesty Norodom Sihanouk, king of the Kingdom of Cambodia.

In the letter, he said he was deeply moved by insam (ginseng) and other special products of Korea and a personal letter sent by President Kim Il-song.

He expressed his wholehearted thanks to President Kim Il-song for his invariable solicitude and incomparably precious fraternity.

He said that he would shortly visit Pyongyang to extend his warm congratulations and wishes to President Kim Il-song on his birthday.

Kim Il-song Sends Message to Premier of Antigua
SK1603111194 Pyongyang KCNA in English 1025
GMT 16 Mar 94

[Text] Pyongyang, March 16 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea today sent a message of greetings to Lester Bryant Bird upon latter's assumption of office as prime minister of Antigua and Barbuda.

President Kim Il-song in his message wished the prime minister success in the work for the prosperity of the country and expressed the belief that the friendly relations between the two countries would continue developing on good terms.

Zimbabwean Organizations Praise Kim Il-song
SK1603051594 Pyongyang KCNA in English 0407
GMT 16 Mar 94

[Text] Pyongyang, March 16 (KCNA)—The Zimbabwean National Committee for the Study of the Chuche Idea and the Zimbabwe-Korea Solidarity and Friendship Association released a joint appeal on March 8 with regard to the forthcoming birthday of the great leader President Kim Il-song.

The appeal stresses that it is their unanimous will and desire to celebrate grandly the 82nd birthday of President Kim Il-song, the most auspicious holiday common to mankind.

It calls upon the chuche idea study organisations and friendship and solidarity organisations in different countries and the world progressive people to make a more profound study of the chuche idea and disseminate it and learn from the outstanding ideologies and theories of President Kim Il-song, his leadership exploits and noble popular virtues on the occasion of the holiday of April.

It underlines the need to widely introduce and propagate the greatness of President Kim Il-song and arrange colorful functions to wish him good health and a long life. It calls for actively introducing and propagating the true looks of Korea where the leader, the party and the masses are united in one mind and conducting a solidarity movement in support of the struggle of the Korean people for the sovereignty and the independent, peaceful reunification of the country.

Cilreco Urges South To Stop Waste Dumping
SK1503045394 Pyongyang KCNA in English 0407
GMT 15 Mar 94

[Text] Pyongyang, March 15 (KCNA)—The International Liaison Committee for Reunification and Peace in Korea (Cilreco) released a statement on March 7 urging

the South Korean authorities to immediately open to the public their nuclear waste dumping into the sea and apologize to the Korean people and the world people.

The statement said their nuclear waste dumping was a gross violation of the international accord and regulations and a criminal act harming the lives of the people and their living environment.

"We condemn the South Korean authorities' nuclear arms development and call on all the peaceloving forces of the world to join in the movement for the withdrawal of the U.S. nuclear weapons from South Korea," it added.

Cilreco Issues Bulletin on Nuclear Issue
SK1603102394 Pyongyang KCNA in English 1017
GMT 16 Mar 94

[Text] Pyongyang, March 16 (KCNA)—The International Liaison Committee for Reunification and Peace in Korea (Cilreco) printed a bulletin on March 3.

The bulletin in an editorial titled "New Prospect for Solution of Nuclear Issue on the Korean Peninsula" says an agreement reached between the DPRK and the U.S. in New York on Feb. 25 entirely conforms to the spirit of the joint statement issued between the both sides last year, which clarifies the principles to be maintained in solving the Korean question including the nuclear issue as a whole.

It is owing to the United States that the joint statement has not yet been implemented and the tensions still remain on the Korean peninsula, the bulletin points out, and goes on:

The most important question at the present juncture is to put international pressure upon the United States so that it may honor its promise.

The bulletin calls upon the world peaceloving forces to more vigorously conduct the international solidarity movement for supporting the just struggle of the Korean people for the independent, peaceful reunification of the country.

It edits news about the solidarity movement for supporting Korea's reunification held in different countries of the world.

Kim Chong-il Thanks People's Army for Assistance
SK1503045594 Pyongyang KCNA in English 0409
GMT 15 Mar 94

[Text] Pyongyang, March 15 (KCNA)—The dear leader Comrade Kim Chong-il sent thanks to Yi Kuk-sop, Cho Yong-kun and Yu Yong-chin of the primary party committee of the U Ki-man mine, Chief Secretary of the Mundok County party committee Pak Yun-ho, Chief Secretary of the Yomju County party committee Pak Chong-ho and director of a section of the political

department of the Ministry of Railways Pak Sang-chun who had set examples in assisting the People's Army.

They have often visited People's Army units and inspired soldiers to boost their militant morale, exchanging feelings of kinship.

LSWYK Holds Fourth Plenary Meeting 14-15 Mar

SK1603053794 Pyongyang KCNA in English 0411 GMT 16 Mar 94

[Text] Pyongyang, March 16 (KCNA)—The fourth plenary meeting of the Central Committee of the League of Socialist Working Youth of Korea [LSWYK] was held here over March 14 and 15.

The plenary meeting discussed the tasks of the LSWYK organisations to carry through the teachings of the dear leader Comrade Kim Chong-il on strengthening the primary organisations of the LSWYK and the effective operation of the LSWYK agitprop system established by him.

Tax Regulations on Foreign Firms Enacted

SK1603060094 Pyongyang KCNA in English 0443 GMT 16 Mar 94

[Text] Pyongyang, March 16 (KCNA)—Implementing regulations of the tax law for foreign-invested businesses and foreign individuals have been enacted in the Democratic People's Republic of Korea.

The regulations, approved as Decision No. 9 of the DPRK Administration Council dated February 21, are intended to ensure an accurate implementation of "the tax law of the Democratic People's Republic of Korea for foreign-invested businesses and foreign individuals".

The regulations consist of eight chapters and 79 articles.

These regulations shall apply to foreign-invested enterprises and foreign individuals that carry out business transactions or earn income inside or outside the territory of the DPRK as well as to foreign firms and individuals that earn income inside the territory of the DPRK.

These regulations shall also apply to Koreans living outside the territory of the DPRK who carry out economic transactions or earn income inside the territory of the DPRK.

According to the regulations, imposition and collection of tax on and the supervision and control over the payment of tax by foreign-invested businesses and foreign individuals shall be done by the financial organ.

A foreign-invested business shall register itself for tax purpose with the relevant financial organ and have the certificate of tax registration issued by it within 20 days from its registration as a body corporate.

A foreign individual who obtained the approval to stay in the territory of the DPRK for more than 180 days shall be registered for tax purpose at the relevant financial organ within 30 days from the day of the approval.

Tax payable by a foreign-invested business and a foreign individual shall be calculated and paid in Korean won from a foreign exchange note account.

If any tax-related agreement concluded between the Government of the DPRK and the government of a foreign country contains tax provisions that differ from those stipulated in these regulations, a foreign investor and a foreign individual may pay taxes pursuant to the agreement.

Enterprise income tax shall be imposed on the taxable income which is the remainder after the deduction of cost, other expenditure and turnover tax from the gross revenue.

Enterprise income tax rates shall be 14 percent of the taxable income in the case of a foreign-invested business established inside the free economic and trade zone, 25 percent of the taxable income in the case of a foreign-invested business established outside the free economic and trade zone and 10 percent of the taxable income in the sectors of high technologies, natural resources development and infrastructure construction, scientific research and technological development encouraged by the state.

Where the government of a foreign country or an international financial organization granted loans to the Government of the DPRK or a state bank or where a foreign bank give loans to a bank or an enterprise of the DPRK on favourable terms such as with a low interest rate (lower than the libor) and a return period of more than 10 years including a grace period, the enterprise income tax on the interests on the loans shall be excluded from payment.

Where a foreign-invested business in priority sectors or a foreign-invested business engaged in manufacturing inside the free economic and trade zone continues its operation for more than 10 years, it shall be exempted from enterprise income tax for 3 years from the first profit making year and it can be reduced by up to 50 percent for the next 2 years.

Priority sectors shall include sectors using high technologies, natural resource development and infrastructure construction sectors as well as scientific research and technological development sectors.

A foreign-invested business in service sectors which is established in the free economic and trade zone and continues its operation for more than 10 years shall be exempted from enterprise income tax for the first profit-making year and it can be reduced by up to 50 percent for the next 2 years.

A foreign-invested business which invests more than 60,000,000 won in total in infrastructure construction

projects such as railway, road, telecommunication, sea-ports and airports inside the free economic and trade zone shall be exempted from enterprise income tax for 4 years from the first profit-making year and it may be reduced by up to 50 percent for the next 3 years.

Where a foreign-invested business reinvests its legal profits earned from its business to increase its registered capital inside the territory of the DPRK or establishes another foreign-invested enterprise and runs it for more than 5 years 100 percent (in the case of infrastructure development sectors) or 50 percent (in the case of the other sectors) of the enterprise income tax which has been paid on the reinvested portion of the profit can be refunded or deducted from the enterprise income tax to be payable next time.

The regulations also clarify matters concerning the payment of personal income tax, property tax, inheritance tax, turnover tax and local tax.

The regulations also make clear matters regarding sanctions and petition to be applied in the case of a failure to properly abide by the regulations on the payment of tax.

Progress in Agricultural Science Reported

SK1603111294 Pyongyang KCNA in English 1023 GMT 16 Mar 94

[Text] Pyongyang, March 16 (KCNA)—Agro-science has made progress in Korea.

The variety of crops cultivated and applied in agriculture has increased three times over the past thirty years since the publication of the socialist rural theses (February 1964).

Methods of farming suitable for different areas and soil have been completed on the principle of the right crop in the right time and the right crop on the right soil.

Noteworthy is the completion of the method of farming on the northern highlands 1,000 to 1,400 metres above sea level and of the two-crop farming method in South Hwanghae and Kangwon Provinces and other areas with a relatively mild weather.

Along with this, scientific and technological problems have been satisfactorily solved in the irrigation, comprehensive mechanization and extensive application of chemicals in agriculture.

The study and development of various kinds of chemical fertilizers and herbicides suited to conditions for the growth of crops raised their qualitative composition.

A large number of modern farm machines have been invented and introduced and nearly all farm work is done with the help of machines.

The great leader President Kim Il-song, always paying deep attention to the development of the nation's agriculture, saw to it that chuche-based agro-science research institutions were set up.

More than 180 branches and experimental farms have been built in all provinces since the agro-science research centre was built in December 1948.

Training centres for agro-scientists and technicians were built up.

Hundreds of thousands of agro-scientists and experts are active in the agricultural sector.

The development of agro-science brought about a rapid growth of agricultural production.

Over the past thirty years after the publication of the rural theses the production of grain increased 1.9 times, of which rice 1.8 times and maize 2.2 times.

The number of tractors and lorries engaged in the agricultural domain increased six and five times respectively.

The amount of chemical fertilizers per hectare rose to more than two tons from 300 kilograms.

South Korea

Seventh Round of North-South Talks Held 16 Mar

Talks Face Initial 'Difficulties'

SK1603025494 Seoul KBS-1 Radio Network in Korean 0200 GMT 16 Mar 94

[By reporter Yi Kang-tok from Panmunjom]

[Text] North and South Korea started the seventh round of working-level contacts for the exchange of special envoys at Tongilgak in the North side area of Panmunjom at 1000 [0100 GMT] this morning. However, as the North side again demanded the issue of announcing a joint communique, the contact is undergoing difficulties [nanhang] in its initial stages.

In a keynote speech, Pak Yong-su, head of the North Korean delegation, claimed that the North side's withdrawal of its four-point demands during the sixth contact was an epoch-making step and that the South side should therefore show a compromising stance by accepting the North side's demand. Noting that the two sides agree on the principle of exchanging special envoys, he again proposed that a joint communique be announced.

To this, Song Yong-tae, senior delegate of our side, said that procedural matters for exchanging special envoys should be settled in consideration of the urgency resulting from the lack of time before 21 March, when the third round of North Korea-U.S. talks are scheduled to be held. He put forward a compromising plan [cholchungan] which stipulates the issue of achieving national reunification based on the three-point principles of independence, peace, and great national unity, which includes the missions of the special envoys, as well as the

principle of great national unity and national independence which the North side proposed additionally.

Delegate Song Yong-tae stressed that our side's compromising plan has taken the North side's opinion into full consideration and is designed to promptly resolve the disputed problems, to finalize the date of exchanging special envoys, and to settle all procedural matters.

'No Progress' Reported

*SK1603041894 Seoul KBS-1 Radio Network in Korean
0300 GMT 16 Mar 94*

[Text] The North and the South of Korea held the seventh round of working-level contacts for the exchange of special envoys at Tongilgak in the North side area of Panmunjom this morning. However, as the North side again put forward the issue of announcing a joint communique, no progress has been made in spite of a compromising plan put forward by our side. If the two sides fail to settle the procedural matters for the exchange of special envoys at today's contact, it appears clear that the realization of an exchange of special envoys before 21 March will be impossible.

Reporter Kim Chong-chin reports from the secretariat of the North-South talks.

[Begin Kim recording] It is likely that the seventh North-South working-level contact for the exchange of special envoys will end without noticeable progress.

The North and the South Korea have been holding a working-level contact in Tongilgak in the North side area of Panmunjom from 1000 [0100 GMT]. However, as the North side again put forward the issue of announcing a joint communique which it raised during the sixth contact, the talks are undergoing difficulties.

In a keynote speech, Pak Yong-su, head of the North Korean delegation, said that the North side's withdrawal of its four-point demands during the sixth contact was an epoch-making step and that the South side should accept without fail the proposal for announcing a joint communique which states that the North and the South agree on the principle of exchanging special envoys.

Furthermore, the North side showed a strong [kanghan] position that it will not concede even slightly [hanchiui yangbodo hoyonghaji anketta] on any of the three points concerning the missions of special envoys, the sequence of visits, and itineraries which the North and the South showed differences on in their last contact. The North side urged our side to accept all of this, thus showing a more rigid attitude than in the last contact.

To this, Song Yong-tae, our side's senior delegate, said that the North side should withdraw such unnecessary proposals as announcing a joint communique, in consideration of the urgency resulting from the lack of time for exchanging special envoys before 21 March, and urged the North side to settle procedural matters for the exchange of special envoys.

Delegate Song put forward a compromising plan which stipulates the issue of achieving national reunification based on the three-point principles of independence, peace, and great national unity, which includes the missions of the special envoys, as well as the principle of great unity of the whole country and national independence proposed additionally by the North.

In addition, Delegate Song revealed a position willing to consider the timing of an exchange of special envoys after 21 March when the third round of North Korea-U.S. talks are scheduled, on the condition that North Korea-U.S. talks be postponed. However, he failed to secure any change in the North Korean attitude.

In the event that the North and the South Korea fail to settle the procedural matters for the exchanging special envoys at today's contact, it is clear that the exchange of special envoys before 21 March will not be possible.

Meanwhile, prior to the talks, the delegates from both sides talked about North Korean folk wrestling, which was broadcast by KBS television network recently. However, such conversation ended earlier than usual, revealing an initial atmosphere of stiffness. [end recording]

Talks End; To Reopen 19 Mar

*SK1603045094 Seoul KBS-1 Radio Network in Korean
0400 GMT 16 Mar 94*

[By Yi Kang-tok from Panmunjom]

[Text] South and North Korea held the seventh working-level contact at Tongilgak in the North side area of Panmunjom this morning to discuss the exchange of special envoys. Although our side presented a revised draft agreement, no progress was made in discussions, as the North side again raised the issue of announcing a joint communique. Both sides agreed to meet again on 19 March.

Because the two sides failed to settle the matter concerning procedures for the envoy exchange in today's contact, it has become impossible for an envoy exchange to be realized prior to 21 March. Accordingly, the United States is likely to officially notify North Korea of a delay in the third round of U.S.-North Korean talks.

In today's contact, North Korea delayed discussions of practical problems, insisting that the South side should accept, without exception, its demand for the announcement of a joint communique on the agreement by the South and North to an envoy exchange, since the North side took the epochal measure of withdrawing its four demands in the last contact.

The North side repeatedly stressed its unchanged stance, showing a strong position of not allowing the slightest concession [hanchiui yangbodo hoyong haji ankettanun kanghan ipchangul poimyo] on items regarding missions of special envoys, procedures, and schedule of their visits. In the last contact, they also failed to narrow their

differences in opinion on these items and urged our side to accept its entire proposal.

Atmosphere at Talks Described

*SK1603060794 Seoul YONHAP in English 0554 GMT
16 Mar 94*

[Text] Panmunjom, March 16 (YONHAP)—Inter-Korean dialogue resumed on the Northern side of the truce village of Panmunjom Wednesday amid a chilly atmosphere after a North Korean Foreign Ministry spokesman, in a statement a day earlier, said Pyongyang would neither accept further nuclear inspections nor talks with the United States if a South-North envoy exchange was a prerequisite.

The North's chief representative, Pak Yong-su, skipped his usual lengthy small talk and instead got right down to business with his South Korean counterpart, Song Yong-tae, just five minutes after exchanging greetings.

He also snapped at Song when the latter humorously reminded him that seven was a lucky number—referring to the seventh round of inter-Korean contacts to discuss exchanging special envoys—barking, "That's what foreigners say and what is so special about numbers?"

—As usual, the two negotiators greeted one another with talk about the weather.

"They say it's going to rain today. We call spring rain, medicine rain... But our experts forecast it's going to be dry this year," Pak said.

Song, keeping the conversation rolling, asked Pak what he had done over the weekend. He then brought up traditional wrestling, noting that the sport in the North was quite different from in the South, based on what he had seen in a recent televised match monitored here.

"We have many wrestlers weighing above 100 kilograms, but you seemed to have fewer grapplers above 90 kg and we do it on sand while you do it on a mat," Song observed, tactfully hinting at a friendly wrestling match. Pak ignored Song's request, saying wrestling methods differ.

Song then touched on Seoul's concern for health and the environment, to which Pak cynically replied that he had read that water and other kinds of pollution were a serious problem in the South.

—North Korean reporters showed the greatest interest in the South's response to Tuesday's statement by a Foreign Ministry spokesman who warned that there would be no Pyongyang-Washington high-level talks or inter-Korean exchange of envoys if South Korea and the United States continued to be unreasonable.

They asked what U.S. Assistant Secretary of State Robert Gallucci, chief negotiator at the high-level talks with Pyongyang, and Undersecretary of Defense Frank Wisner were doing in Seoul and whether Washington

still maintained that it would not resume high-level talks with North Korea unless the envoys are exchanged.

U.S.-DPRK Package Deal on 'Verge of Collapsing'

*SK1603084094 Seoul YONHAP in English 0830 GMT
16 Mar 94*

[Text] Seoul, March 16 (YONHAP)—The North Korea-U.S. package agreement was on the verge of collapsing Wednesday after Seoul and Pyongyang officials parted with no progress to show in arranging an exchange of presidential envoys.

Inter-Korean dialogue on exchanging envoys will resume Saturday, and officials here said they still haven't given up hope on reaching an agreement, although perhaps not before March 21 as expected earlier.

But the highlight of the package deal, the third round of North Korea-U.S. high-level dialogue, will probably be suspended indefinitely since the Stalinist state failed to meet the two preconditions for the meeting with Washington.

Vice Unification Minister Song Yong-tae, chief Southern representative at the meeting, said the delegates spent two-thirds of the gruelling two-hour meeting on the North's demand for a joint press statement expressing both sides' desire to realize the envoy exchange.

Song had gone to the meeting, held at the truce village of Panmunjom, with a revised proposal on the envoys' agenda but barely had the chance to get into it, officials said.

Seoul and Washington cancelled this year's joint military drill Team Spirit and promised the high-level dialogue in Geneva on March 21 as part of a small package deal.

Pyongyang, in return, was to allow unrestricted nuclear inspections by the International Atomic Energy Agency (IAEA) and exchange envoys with Seoul.

In a key setback, however, IAEA inspectors reported last week that their activities in North Korea had been hindered.

Now that neither of the two preconditions has been fulfilled, the March 21 meeting is virtually dead in the water.

One official admitted that North Korea's intentions are becoming even more unclear, "but it's too early to say that the small package deal is entirely off."

Seoul officials believe the North is trying to break the close coordination between the South and the United States. Pyongyang had once threatened to refuse IAEA inspections if the United States kept insisting on an envoy exchange.

The officials said Pyongyang apparently is counting on differences surfacing between Seoul, which demands

improved inter-Korean relations, and Washington, whose main interest lies in maintaining nuclear safeguards and keeping the Nuclear Nonproliferation Treaty (NPT) regime intact.

IAEA Member-States Briefed on Inspection Results

SK1603112494 Seoul KBS-1 Radio Network in Korean 1010 GMT 16 Mar 94

[Text] The International Atomic Energy Agency [IAEA] briefed delegates of 35 member states today on the activities of the inspection team for North Korean nuclear facilities and established a policy to seek follow-up measures, including convening an emergency Board of Governors meeting, if the inspection activities and results are concluded to be unsatisfactory.

Following is a report by correspondent Cha Man-sun from Vienna:

[Begin Cha recording] The IAEA is in a dilemma that it could not easily show dissatisfaction although inspections on North Korean nuclear facilities, which had been resumed after much effort, were insufficient.

The IAEA had a meeting this afternoon presided by Director-General Hans Blix to evaluate inspection activities on North Korea after receiving a general report from the inspection team which has just returned. It has been learned that during the meeting, the inspection team reported that although inspections on North Korea do not meet the requirements of IAEA's check list but, compared with past inspections, there had been improvement in inspection activities, including the replacement of surveillance devices, and that the continuity of inspections can be recovered if such inspections continue regularly.

The inspection team also reported that not enough samples were extracted to prove whether or not North Korea had used nuclear materials for other purposes.

It is not yet known whether Director-General Hans Blix has concluded the inspection to be satisfactory or not after receiving the inspection team's report. It is analyzed that the Director-General will have difficulty to make an immediate conclusion because he has to take into account both the inspection's technical aspect and international political aspect.

The 35 member states of the IAEA will hold an emergency nonofficial Board of Governors meeting late tonight to receive a general report from the Director-General and to discuss follow-up measures for the inspection results. [end recording]

DPRK Reportedly Asked IAEA To Pay for Inspections

SK1603053294 Seoul KBS-1 Radio Network in Korean 0510 GMT 16 Mar 94

[YONHAP from Tokyo]

[Text] Japan's Jiji news agency said in a report dispatched from Seoul that North Korea once asked the International Atomic Energy Agency [IAEA] inspection team to provide it with \$300,000 in return for its allowance of nuclear inspections.

Quoting Seoul sources, Jiji reported that, although the IAEA inspection team has conducted inspections mainly in Yongbyon since 3 March, at one point North Korea refused inspection of its nuclear fuel rod plant after already agreeing to include it on the inspection list, and demanded that the IAEA provide \$300,000 if it wanted to inspect this facility.

Papers React to IAEA Inspections of DPRK

SK1603111594

[Editorial Report] Seoul vernacular newspapers on 16 March carry articles and editorials on the International Atomic Energy Agency's (IAEA) recent inspections of North Korean nuclear facilities.

The pro-government SEOUL SINMUN carries on page 3 a 700-word editorial entitled "North Korea's Hindrance During the Nuclear Inspection." The editorial says: If the IAEA's judgment that its current inspection activities were "not sufficient" due to North Korea's hindrance turns out to be true, and if the alleged report that North Korea refused the IAEA inspection team access to the radiochemical laboratory is true, and that some seals in the laboratory were found to be destroyed is true this is "a grave problem" and shows that there is a possibility that North Korea might have converted its nuclear materials for military purposes.

The editorial also analyzes that the reasons for North Korea's acceptance of the IAEA's inspection this time were to avoid sanctions by the UN Security Council and to use its nuclear card in its diplomatic bargaining with the United States by turning the issue of inspecting two undeclared sites over to the U.S.-DPRK high-level talks. The editorial then urges North Korea to show sincerity in the on-going North-South level contact for the exchange of top-level special envoys, stressing the need for the IAEA to refer the North Korean nuclear issue to the UN Security Council and for the governments of the ROK and the United States to resume the Team Spirit exercise if North Korea fails to carry out the preconditions that the two government have put forth. The editorial concludes by saying that in view of North Korea's recent attitude, it is almost impossible to expect momentous changes in its attitude.

Additionally, SEOUL SINMUN carries on page 4 a 1,000-word article by reporter Yang Sung-hyon analyzing the results of the just ended IAEA inspection. The article notes the ROK Government assessment of the IAEA's inspection, quoting a high-ranking government official as saying: "the IAEA's inspection seems to be satisfactory from a quantitative viewpoint," but it "does not seem to be satisfactory from a qualitative viewpoint." However, the article notes the IAEA inspection team's failure to collect sample materials from the radiochemical laboratory as well as IAEA and U.S. Government officials' negative assessments of the inspection results.

Noting that a final report on the inspection results will be released three to four weeks from now, the article says that if the continuity of safeguards is confirmed in the report or if North Korea's conversion of nuclear materials to military purposes is discovered, a special IAEA Board of Governors meeting will be automatically held regardless of whether or not the ROK and U.S. Governments want and, accordingly, the issue of imposing sanctions against North Korea will be discussed at the UN Security Council.

In conclusion, the article analyzes that the IAEA will conclude the current inspection at the present stage because it does not want the third round of the U.S.-DPRK talks to be broken up and that it will, accordingly, assume the attitude that the North Korean nuclear issue should be settled at the U.S.-North Korean talks.

The moderate HANGUK ILBO publishes on page 5 a 1,200-word article on the prospects of the nuclear issue after the North Korean Foreign Ministry spokesman's warning that North Korea may stop cooperating with IAEA inspections.

The article reports that the government analyzes that North Korea's response is to utter in advance that it "could not keep the promise made in the (25 February) agreement because the United States is demanding the exchange of special envoys which is not in the agreement."

The article speculates that because there can be no flexibility in the policy to have the special envoy exchange first despite North Korea's warning, the nuclear issue has to go back to the point before the 25 February agreement, and North Korea will have to try to negotiate with the United States again for the third round of talks and the ROK and the United States will have to discuss anew international sanctions on North Korea.

The article adds, however, that time is not on North Korea's side this time because the IAEA will hurry to have a special Board of Governors meeting and speed up discussions on referring the issue to the United Nations.

The article reports a "positive reverse" is also possible if North Korea agrees to postpone the third-round U.S.-North Korea talks. The article continues that some ROK

and U.S. commentators expect the third-round talks in mid-April because it will be difficult for North Korea to ignore the benefit from extending a one-time invitation to the ROK special envoy to Pyongyang.

The moderate KYONGHYANG SINMUN publishes on page 3 an 800-word editorial entitled "Urging a Firm Stance on North Korea's Nuclear Card." Referring to the "unsuccessful" IAEA inspections, the editorial warns that North Korea is only hurrying itself to become an international orphan saying that "having the seals broken is no different from asking the nuclear issue to be referred to the UN Security Council."

The editorial also warns that it is a mistake if North Korea thinks it is better to deal with the United Nations than the IAEA.

The editorial points out ROK "mistakes of appeasement" and misinterpreting the "full-scope inspection" by which North Korea meant to open seven declared facilities, not unlimited inspections on all of its nuclear facilities.

The editorial urges both U.S. and ROK Governments to take a firm and resolute stance on the nuclear issue by announcing the resumption of the Team Spirit exercise.

* Kim Il-song Said To Fear Revolt in Military

942C0050 Seoul CHUGAN CHOSON in Korean
2 Dec 93 pp 32-34

[Text] "Kim Il-song fears his own army most. If nuclear program is frustrated, a revolt is possible within a year" View of Park Gab-dong of "National Salvation Front," organization of defectors from North Korea.

"It is the Army that Kim Il-song of North Korea fears the most. The army of North Korea, much dissatisfied with Kim Il-song's system, they even exchanged fire with each other in front of Kim Il-song's official hall in the spring of last year. After that, by the demand of Kim Il-song, the ammunition of the army around Pyongyang were confiscated.

Temporarily returned to South Korea after taking part in the "Rally for Democratization and Recovery of Human Rights of North Korea," held under the auspices of "National Salvation Front for Democratic Unification of Korea" (National Salvation Front is short for it) in Washington D.C. last October 22, Mr. Park Gab-dong (74), the standing chairman of National Salvation Front, said that he had heard that "the Army of North Korea was very agitated." He thought that an internal coup could possibly dismantle Kim Il-song's system within two years."

Mr. Park said that he had heard the following from the members of the Front who participated in the Washington Rally as well as its members living in exile in Russia and China, etc. If a coup occurs in North Korea, the new military authorities, officers who are higher in

rank than the colonel who had studied in the old Soviet Union, will become the main power in place of Kim Il-song Faction.

The National Salvation Front, whose standing chairman is Mr. Park, is an anti-Kim Il-song organization which was formed in Moscow in January, 1992 by the defectors from North Korea. Its executives are made up of Mr. Lee Sang-jo, ex-North Korean ambassador to USSR (a lieutenant general of the People's Army); Mr. Suh Hui, ex-chairman of Pyongyang Special City Party Chapter of Korean Workers Party; and Mr. Park.

The Central Standing Committee are made up of 15 members, who have all served as ranking executive members in the Korean Workers Party and People's Army. It includes Kang Sang-ho (ex-Vice Minister of Home Affairs), Chung Sang-jin (ex-Vice Minister of Culture and Art), Park Byong-yul (ex-Director of Kang Dong Political School), Yu Song-chul (ex-Chief of Operation Bureau of Supreme Headquarters of the People's Army), Chang Hak-bong (ex-Head of the Military Academy), Shim Su-chol (ex-Assistant Chief of Bureau of Ministry of People's Armed Forces), Yu Song-gol (ex-Head of the Air Force Academy), etc. The Front has a membership of about 300.

Its branches are set up in the USA, China, Japan, Kazakhstan and Uzbekistan Republics of Russia, among others. The National Salvation Front, through "National Salvation" published in three languages, Korean, English, and Japanese, is pushing for recovery of human rights of North Korea's 23 million people who are dying of hunger, cold, and physical beatings. Its supreme task is "to drive out Kim Il-song and his son."

The Front, in the Declaration of the Washington Rally, demanded eight items. These are: 1) Eviction of "Human slaughterer Kim Il-song and his son from office at once!" 2) release of political prisoners, 3) freedom of the press, 4) freedom of assembly and association, 5) freedom of residence, 6) right to choose occupation, 7) guarantee of the reunion of separated families, 8) guarantee of free hometown visits. Appealing to President Kim Young-sam to "keep an eye on the terrible scenes of North Korea's 23 million people who are forced to live like slaves, groaning under the tyranny of Kim Il-song and his son," the Front emphasized that "harmonizing with and helping Kim Il-song were quite the same as massacring the North Korean population."

The writer asked the Standing Committee Chairman of the Front, Park Gab-dong, who temporarily returned to South Korea, about the activities of the Front and the unrest of the North Korea's army as well as that of the population of which the Front knows.

To what extent is North Korea's army agitated?

"According to the information we obtained, North Korea, after the Gulf War, had officers higher in rank than regimental commanders watch the videotape of the Gulf War to let them know the American tactics of war.

But it brought about a contrary effect. The commanders who watched the videotape realized that the outcome of modern war depends on up-to-date weapons. They are therefore infected with defeatism, saying that if North Korea with conventional weapons brought about a war, it would be defeated. The enlisted are in a very bad state of health due to long underground life and extremely demoralized due to long-term services."

Through what channels do you obtain information from the closed society of North Korea?

"We obtain information from Russia, China, Japan, etc. The details of the channels should not be disclosed for their personal safety." (According to the first issue of "National Salvation," the Front is working in cooperation with an anti-Kim Il-song organization in North Korea.)

You said that there was a gun battle in Pyongyang City, didn't you?

"To construct apartment buildings of 50,000 families in Pyongyang City in the spring of last year, North Korea enforced the construction, mobilizing a corps of military force in a district. The soldiers from the country, seeing that the soldiers serving in the Capitol were treated much better than themselves, forced their way to Kim Il-song's official hall to protest. As the Presidential Security Guards fired upon the soldiers to hold back, a gun battle broke out. After that, Kim Il-song ordered the troops around Pyongyang to surrender their ammunition."

If a gun battle had broken out, it must have been a big problem.

"Responsible persons were rebuked. But the corps commander of the troops mobilized from the country, lieutenant general Kim Song-il received immunity from responsibility, because he was the son of Kim Il-song and Mun Song-ja."

I haven't heard that there was a son called Kim Song-il among Kim Il-song's sons.

"That is because Kim Il-song's relations with women were not exposed. It is a widely known fact that Kim Song-il is Kim Il-song's son. According to the information we obtained, there is a fierce power struggle between the group of Kim Chong-il who is Kim Il-song's son and the other group of Kim Song-ae who is Kim Il-song's wife. Kim Song-il takes the neutral attitude. Kim Yong-sun, Kim Tal-hyon and Chang Song-taek (husband of Kim Kyong-hi, Kim Il-song's daughter) belong to Kim Chong-il's group. Kim Yong-ju, Kim Il-song's brother, and Kim Pyong-il, Kim Il-song's son, belong to Kim Song-ae's group."

It is said that a military coup was carried out and that the persons connected with it were executed in North Korea.

"Although we also heard of this, we were not able to confirm it. According to the information we obtained, a coup was carried out last July and some rebel army

escaping from North Korea were besieged by North Korea's troops at a mountain near the border. At that time the Chinese Army moved in, which once took a stand against the North Korea's army. At about that time, North Korea limited entry of the pro-North Korean residents in Japan into the country. Such a measure has been very rare. The rumor of a coup circulated around this time."

Is there the possibility of a military coup in North Korea?

"Yes, as I said before, North Korea's military authorities are in much discontent and are infected with defeatism. If they were provided with ammunition, they will point their guns at Pyongyang. They are the most threatening power of and the only substitute power for Kim Il-song's system. Split into the old and new generations, the military authorities unitedly will seize power. Thereafter, the new generation will gain supremacy over the old generation, I expect."

What power do you mean by "the new generation of the military authorities" exactly?

"Ranking officers higher in rank than colonel, most of whom studied in the USSR, are the new military authorities. Because they served under the members of the Front in the past, they and the Front will, I think, understand each other. To restrain the new military authorities, Kim Il-song replaced company officers with those who did not study abroad, I heard."

When do you expect the coup by the new military authorities to break out?

"If the North Korea's nuclear program is sanctioned immediately by the U.N., a coup will break out within the year. If North Korea enters into diplomatic relations with the U.S. or Japan, it will endure another two years before collapsing. Even if the new military authorities seize power, the unification of North and South Korea will be possible only after five to six years from that point," I suppose.

Will it be possible for North Korea to bring about a war?

"A rumor of an outbreak of a war is nothing but Kim Il-song's threat. How can he bring about a war with such out-of-date weapons and demoralized soldiers? Because South Korea's government does not react strongly to North Korea's threat, North Korea is spreading such a rumor."

How much information about North Korea's nuclear program do you have?

"We once obtained information that North Korea had requested a testing ground of nuclear bombs from the USSR under Brezhnev. Judging from this information, the nuclear weapons development of North Korea seems to have been ripe for testing. I also, during my stay in North Korea in 1956, heard a member of the South Korean Workers Party speak about the construction of

nuclear weapons underground works. But nuclear weapons are merely a threat to South Korea and Japan, and can never be used."

Is there any power collaborating with the Front in North Korea?

"Two hundred thousand political prisoners detained in the prison camps and 3 million nonsupporters, who are permanently detained in the collective farms in the mountains near the Yalu and Tumen Rivers, are opponents of Kim Il-song. They have the same opinion as we. Twenty thousand North Koreans who defected to China, now known to have been collectively housed in Inner Mongolian regions, may also be collaborators with us."

To contact those people, what measures is the Front taking?

"Although the Front is planning a variety of measures such as running broadcasting stations, etc. to let the population of North Korea know the truth about the outside world, it is in trouble for lack of funds. At present it concentrates its efforts on publicizing of what the Front really is."

By what methods do you raise funds?

"Those who defected to Japan while being active members of the South Korean Workers Party in the past total about 30,000. Many of them are rich. The Front manages to keep going with their help."

DLP Decries 'North Korea-Leaning' U.S. Stance

*SK1603034994 Seoul TONG-A ILBO in Korean
16 Mar 94 p 2*

[Text] In a written report submitted to the expanded key party officials' meeting on 14 March, the situation analysis committee of the Democratic Liberal Party [DLP] (chairman So Su-chong) expressed concern with the fact that the United States has recently shown a North Korea-leaning diplomatic stance in handling the issue regarding the Security Law and the North Korean nuclear issue. Thus, the committee called on the government to change its diplomatic stance toward the United States.

In this weekly situation analysis report, the situation analysis committee maintained that "public opinion is critical of the fact that ruling and opposition circles in the United States took on an interfering manner in our domestic affairs in calling for the abolition of the security law at the same time as North Korea's claim urging abolition of the South Korean National Security Law, thus leading one to believe that the United States was assuming a North Korea-leaning diplomatic attitude."

The situation analysis committee also said that "by fully mobilizing former government officials, businessmen, and religious figures, the United States has diversified its diplomatic channels to highlight its position. Contrary to this, our country merely depends on official diplomatic

channels." Thus, the committee proposes that we reexamine our methods of diplomatic activities with the United States.

19-24 Mar U.S.-ROK Talks on GATT Announced
SK1603094394 Seoul YONHAP in English 0749 GMT
16 Mar 94

[Text] Seoul, March 16 (YONHAP)—South Korea and the United States, which both offered fewer import duty concessions in the industrial sector than planned in their final country schedule, will meet from March 19-24 to discuss nine items whose tariffs they cut instead of eliminated as promised at the Uruguay round negotiations last December, Finance Ministry officials said Wednesday.

The United States backtracked on an earlier non-tariffification accord and instead slashed import duties in its final schedule screened at the Geneva-based General Agreement on Tariffs and Trade (GATT).

It stated that the scaled-down package was conditional on other countries making comparable tariff concessions.

Korea followed suit and submitted a schedule containing tariff cuts of 3 percent on the same copper goods and 4 percent on electronic items, instead of none.

Seoul proposed bilateral negotiations on March 8 while screening the U.S. offers in Geneva, charging that Washington had broken its promise made last December.

It called for bilateral talks because the U.S. list included items of interest to Korea, said Pyun Hyong, director-general of the customs and tariff bureau at the Finance Ministry.

Washington is also unhappy about Seoul's withdrawal of earlier offers to abolish tariffs on the nine items and is likely to complain at the two-day screening of Korea's industrial offers in Geneva from Thursday.

After Korea's schedule has been screened by Saturday, the two countries will sit down to iron out their differences in tariff cuts before the March 25 deadline for all countries to finalize their schedules.

Seoul blames Washington for breaking its promise first while the latter argues that it had attached conditions—it could scale back its offers if Japan also did so—and made changes accordingly, pointing out that Seoul made alterations without having attached conditions earlier in the agreement last December.

PRC Communist Party Delegation Arrives 16 Mar
SK1603093394 Seoul YONHAP in English 0726 GMT
16 Mar 94

[Text] Seoul, March 16 (YONHAP)—A five-member delegation from the Chinese Communist Party led by the deputy head of the International Liaison Department,

Zhu Shanqing, arrived here Wednesday afternoon at the invitation of the ruling Democratic Liberal Party.

Zhu said in an arrival statement: "We came here to expand friendly ties with the Korean people as well as the DLP. I think exchanges and cooperation between the Chinese Communist Party and the DLP will contribute much to the development of ties between the two countries."

"President Kim Yong-sam's visit to China slated for March 26 will have important meaning in bilateral relations and will serve as momentum to lift the ties a step higher. Our party and people are anticipating President Kim's tour to Beijing wholeheartedly."

Asked about the date of Chinese President Jiang Zemin's visit to Seoul, Zhu said, "I think Jiang will surely visit Seoul sometime and the issue will be decided through consultations between Kim and Jiang."

ROK-PRC Economic Cooperation Projects Detailed

SK1603071494 Seoul MAEIL KYONGJE SINMUN in Korean 15 Mar 94 p 11

[Text] It is expected that President Kim Yong-sam's visit to China will step up cooperation between ROK and Chinese enterprises.

Domestic enterprises will actively proceed with civilian-level industrial cooperative projects with the five sub-committees of the ROK-PRC Industrial Cooperation Committee, which will be organized on the occasion of President Kim's China visit for the automobile, electronic, aviation, electronic exchanger (TDX), and nuclear energy fields.

They are now holding consultations with China on specific problems in promoting those projects by dispatching joint delegations or management-level personnel to China. In particular, our government is consulting with domestic business circles over nominating a head company in each field to improve efficiency in promoting economic cooperation with China through a unified channel for each sector.

The government is considering nominating Daewoo Motors as the head company in the automobile field, the Korea Electric Power Corporation in the nuclear energy field, Kumsong Dacom in the electric exchanger field, and Samsung Electronics in the electronic field, which includes high-definition television. Samsung Aviation Company and Korean Air are competing with each other for the leadership in the aviation field. The government, however, is struggling because business circles oppose the policy of nominating head companies and insist on liberal competition.

Daewoo Motors and China's Changchun No. 1 Motor Company agreed to invest jointly \$1.5 billion in building a joint-venture plant capable of producing 300,000 automobile parts and 150,000 completed automobiles a year.

and they are now proceeding with this project. Hyundai Motors is also planning to invest individually to manufacture ordinary automobiles.

China has requested that the Korea Electric Power Corporation provide technological support and investment for its nuclear power facilities. It has already dispatched a technological support team to maintain the No. 1 and No. 2 nuclear power plants in Guangdong, China.

It has been learned that China has promised our business circles that it will consider adopting ROK electric exchangers as a standard system in building the national communication network in the future. Kumsong Dacom and Samsung Electronics are now expanding their investments in this field in China.

The ROK Government plans to promote cooperation with China by organizing a consortium with an ROK head company and the aviation industries of China, a company designated for the consortium by the Chinese side. In the meantime, Samsung Aviation Company, Korean Air, Daewoo Heavy Industries, Halla Heavy Industries, and Seil Heavy Industries are independently promoting joint projects with Chinese companies.

Government Wants To Participate in CSCE Session

*SK1603072794 Seoul YONHAP in English 0623 GMT
16 Mar 94*

[Text] Seoul, March 16 (YONHAP)—South Korea is negotiating to participate in European security forums to forge closer political, economic and multilateral relations with the members of the European Union, Foreign Ministry officials said Wednesday.

It is also seeking links with military-security organizations in Europe such as the North Atlantic Treaty Organization (NATO) and the Western European Union (WEU), the officials said.

Assistant Minister for Policy Planning Yi Chang-chun began a tour on March 13 taking him to Russia, Finland, Hungary, Austria and Belgium for meetings with foreign affairs and defense officials. He returns on March 27.

Seoul hopes to participate in the Conference on Security and Cooperation in Europe (CSCE) session opening in Hungary this December under "special guest" status like Japan, they said.

Foreign Minister Han Sung-chu has said on a number of occasions that Northeast Asia needs a multilateral security dialogue forum, recommending a mini-CSCE body for the region.

Yi has already met with Russian Vice Foreign Minister Alexandre Panov and will discuss cooperation at the Association of Southeast Asian Nations (ASEAN)

Regional Forum (ARF), the first regional security forum in the Asia-Pacific zone, slated for July in Bangkok, officials said.

*** Prime Minister's Working Ability Appraised**

*942C0075A Seoul HANGUK ILBO in Korean 1 Feb 94
p 3*

[By reporter Yi Tong-kuk]

[Text] Several things decide the image of the prime minister: the degree of public confidence in the president, the prime minister's personal power, and his ability to get control of and coordinate ministry operations. Of these, the ability to get control of and coordinate operations is the standard of measure showing a prime minister's working ability. How, then, does Prime Minister Yi Hoe-chang score on this test?

"I will get control of the Cabinet through work." This has been the pledge and regular recipe of successive prime ministers early after being appointed. However, with the vague image of the prime minister in a president-centered system, this has almost never been achieved properly due to the lack of cooperation of the ministries.

Recently, Prime Minister Yi has been exercising actual coordination authority, which had practically been unheard of, over ministry operations and has been breaking long-standing practices. Some ministries, such as finance and construction, had decided on and published policies without properly going through preliminary deliberations with the Prime Minister's Office and suffered more than a little for it. Prime Minister Yi's use of his coordination authority has been to unsheath his "sword" and turn ministries inside out. He even issued warning summons to relevant ministers. Going one step further, Yi greatly strengthened the policy-evaluation team within the Prime Minister's Office.

Actually, it is a fact that up until only a little while ago, each ministry considered the Prime Minister's Office simply a place to give notice before reporting to the Blue House. This practice was particularly serious in the economic ministries, reports from which first pass through a meeting of economic ministers and vice-ministers. In view of this, the recent readjustment of items announced by the economic ministries under the management of the Prime Minister's Office signifies much. From a certain viewpoint, this can be seen as the realization of Yi's conviction that he should "guarantee the maximum autonomy of the ministries in the preparation and performance of policy, but definitely exercise his supervisory role in coordinating divergent views, and so on."

Decided upon upon on 24 January, the "Farm and Fishing Village Special Tax Assessment Proposal" was originally proposed by the Finance Ministry, but was changed extensively by the Prime Minister's Office before being announced. Before this, on the 21st, "according to standard practice," the Finance Ministry

prepared a revenue-source procurement proposal and made it public without consulting the Prime Minister's Office beforehand. This was because a "powerful" ministry such as the Finance Ministry has no need to concern itself with the displeasure of the Prime Minister's Office and because there had been no previous instance of the Prime Minister's Office interfering in the peculiar operations of the Ministry of Finance.

The situation, however, changed at the instruction of Prime Minister Yi. Because there were problems with the Finance Ministry's proposal, such as that the Farm and Fishing Village Special Tax would be a great burden on those in low-income brackets, it was ordered that the Prime Minister's Office review the proposal. Changing the proposal and aiming for those in high-income brackets, the Prime Minister's Office created a revised proposal whereby the wealthy would pay the Farm and Fishing Village Special Tax, as well as a golf-course entrance fee and an integrated land tax, but would not impose these taxes on companies moving to rural areas and those in low-income brackets. Afterward, at an unscheduled meeting of the heads of relevant government ministries, departments, offices, and bureaus, held on the instructions of Prime Minister Yi, the already-published Finance Ministry proposal was repealed and the Prime Minister's Office's revised proposal was adopted.

"The operations of the economic ministries in fact had extraterritorial rights within the Prime Minister's Office," according to the evaluation of one source associated with the Prime Minister's Office, "There had not been a case such as this one, in which the Prime Minister's Office intervened and changed a Finance Ministry proposal."

Another case in which with similar form Prime Minister Yi exercised his operation-coordination authority was the Ministry of Construction's "Capital Maintenance Plan Law, Enforcement Ordinance Revision Proposal." This proposal, about which preliminary notice had been given that it would be introduced as a legislative bill, changed capital development strategy 180 degrees, such as allowing the construction of large buildings anywhere in Seoul if only 10 percent of the construction costs are paid in advance.

The Ministry of Construction on 25 January held party-government consultations and unilaterally announced the proposal without going through preliminary deliberations with the Prime Minister's Office or even informing the office of the content of the proposal. Considering this a problem, Prime Minister Yi in his weekly report on the 28th reported to President Kim Yong-sam on the problem of the decisionmaking process of the Construction Ministry's proposal. He also had his office come up with supplementary measures.

In connection with this, President Kim, in his weekly chief-secretaries meeting held on this day in the afternoon, said concerning the construction ministry proposal, "We must not have an immoderate removal of

regulations." On the 29th, Prime Minister Yi even called Construction Minister Kim U-sok and received a progress report. In this process, Yi sent a directive to each of the ministries, giving strict orders, "Plans which are to become legislative bills must pass through inter-ministerial deliberations, but a preliminary report must be made on everything two days prior to publication."

Besides this, the Prime Minister's Office's unprecedented, active exercise of its operation-coordination authority has also been seen in almost all policies, such as the Water-Quality Management Measures, since Prime Minister Yi took office.

With one section responsible for this, it was no more than a formality. However, Prime Minister Yi expanded the policy-evaluation function of the Prime Minister's Office to four sections, making his control of the ministries more concrete. "The administration has made many policies, but there is no place to appropriately evaluate these," said Yi on the 31st, revealing his reasons for strengthening his policy team. Evaluation results are reported directly to President Kim.

Former Opposition Head Denounces U.S. 'Hardliners'

*SK1603025794 Seoul YONHAP in English 0124 GMT
16 Mar 94*

[Text] Seoul, March 16 (YONHAP)—Retired opposition leader Kim Tae-chung lashed out at U.S. "hardliners" on Tuesday, accusing them of dealing too carelessly with the life-and-death situation faced by 70 million Koreans.

"We felt both helpless and irked until very recently at war-oriented reports from the United States," Kim said, referring to snowballing coverage in the American media depicting the Korean peninsula as highly volatile and threatened by military confrontation arising from the inter-Korean nuclear standoff.

"Why do the American hard-liners have to dump ashes in solving the nuclear problem in the middle of negotiations, and why do they treat so carelessly a problem that is a matter of life and death to the 70 million people of our nation," he said before giving a lecture at Korea University.

Tuesday's appearance was the first of a year-long lecture schedule for Kim, who voluntarily ended his long career as an opposition pillar after losing his bid for the presidency a third time in 1992.

He now serves as head of the Kim Tae-chung Peace Foundation for the Asia-Pacific region.

Kim wondered why the United States kept leaking such reports without consulting with the South Korean Government and warned Seoul to stay on guard against American hard-liners.

He ventured that North Korea and the United States have made significant progress in improving relations and economic cooperation in talks held under the table.

He said he felt Seoul was being left out as Pyongyang and Washington invisibly stole the leading roles in the nuclear negotiations.

"We have to look far into the future and prepare because once the nuclear problem is solved and North Korea-U.S. relations improve, there will be a dramatic change to the relationship where North Korea was regarded as a 100-percent enemy and the United States as a 100-percent ally," said Kim.

*** Kim Tae-chung-Yi Ki-Taek 'Alliance' Examined**
942C0051A Seoul CHUGAN CHOSON in Korean
2 Dec 93 pp 28-29

[By reporter Hong Chun-ho: "Is the KTC-YKT 'Alliance' Working All Right?—a Subtle Shifting of Current in the DP Power Dynamics"]

[Text] The Democratic Party (DP) has been operating by an alliance between former Chairman Kim Tae-chung [KTC] and present Chairman Yi Ki-taek [YKT]. More specifically, the YKT leadership came into being thanks to a tacit support of KTC who had just retired from first-line politics. And even today it is difficult to explain its existence minus that factor.

Needless to say, KTC is a retiree from politics. He himself reaffirmed it publicly on many occasions. But the fact is that even though he retired from active politics, it does not mean that his influence has also been "retired." This fact was verified more than once. KTC remains a member of the DP and, more importantly, all his men are in good shape in the DP.

Will the KTC-YKT alliance remain solid? Does KTC still trust YKT? Also, will the next DP national convention—which may possibly be held as early as late next year [1994]—bring no change in the present factional configuration? Each and every DP member must be pondering these questions aloud, for they are their greatest concerns and a pending, long-term issue of the DP. In this connection, a few things have lately been observed anew, making it necessary to shed light again on this dormant issue and reexamine it.

They are: first, moves relating to the next party convention that have become visible; second, a subtle structural change in the power dynamics within the DP; third, a rearrangement of the battle line by the Tonggyodong [KTC] faction, and finally, Chairman Yi's moves.

According to the party Constitution, the next DP national convention is to be held in May 1995; however, in the event of a national election, it can be moved up by a maximum of 6 months or delayed by up to 3 months. Therefore, the next DP convention is, basically, far more than a year away, but Chairman Yi recently referred to

the possibility of moving it up within the range indicated in the party Constitution. He thus hinted at his intent for an early convention, creating a subtle stir in the party; until then, he had been negative about moving up the convention date. Now, since he himself raised the issue, there must have been a reason for it. Conversely speaking, his action proves that an anti-Yi offensive within the party is approaching to a critical stage. In fact, the nonmainstreamers have been demanding, intermittently though, the holding of an extraordinary party convention sometime in the first half of 1994.

Chairman Yi seems to be feeling the same pressure in the course of his management of the DP's National Assembly policy during the regular Assembly session, too. While the "nine man, nine different minds" criticism against the party leadership continues unabated, he could so far lead the party rather smoothly by effectively managing the balance of power among the members of the party Supreme Committee. However, as soon as he moved to show his own color in his National Assembly speech and in his parliamentary strategy as the opposition leader, the nonmainstreamers strongly reacted against it. Even among the Supreme Committee members, fewer came forward backing him up. No Mu-hyon and Yi Pu-yong of the Democratic faction [from the former DP before its merger with the UPP] turned their backs on him. No Mu-hyon, while holding on to his basic line since the last party convention in March, is nevertheless intensifying his criticism of Chairman continuously. What makes the chairman worry even more is that Yi Pu-yong, who had been relatively cooperative, reversed his attitude, turning critical of the chairman. Since No and Yi Pu-yong are also members of the Reform group, these things have spawned speculations that Chairman Yi has not only lost his grip of the Democratic faction but is perhaps shunned by the Reform group, too. Only two Supreme Committee members, Kwon No-kap and Han Kwang-ok, remain loyal to the chairman, while the Tonggyodong faction reportedly sees something missing in Chairman Yi, at times feeling dissatisfied.

Meanwhile, the Tonggyodong faction has been constantly on the move since it unified its genealogy in the name of [KTC's] Naeoe Munje Yonguso [Institute of Internal and External Affairs]. Recently, it reorganized Yonchong, a private organization of KTC. Chairman Yi also has launched a membership drive for his private organization, Society for the Reunited Mountains and Rivers. But he finds himself under mounting intraparty pressure. In short, the Reform group does not approve of "dual citizenship" of members, putting pressure on the chairman and his force.

Chairman Yi's camp is aware of all this subtle shifting. So much so that some insiders say that they might be oversensitive. At any rate, YKT and his force are known to be working on strategy to ensure that their leadership continues after the National Assembly regular session and further to defend its power base at the next party convention while keeping a close eye on its own faction

that is turning rebellious, on the increasingly visible resistance of the progressive forces within the party, and on the growing signs of disharmony with the Tonggyodong faction, the main force in the DP.

In this atmosphere, Chairman Yi reportedly has attempted to have a better rapport with KTC recently. In fact, it does not pay for either side that they get in contact. For KTC, it could harm the image of his retirement from politics. Chairman Yi could also be hurt because such contact would further enhance his image as a weak leader unable to run the party independently. But the immediate reality is that something has to be done to change the flow of things in the combined forces of the DP apparently plagued by internal disharmony. Chairman Yi's side in particular seems to be feeling the intense need. Therefore, reports say, he embarked on a rapport with the Tonggyodong camp while discreetly keeping a distance.

Acting as mediators between the two camps are Kwon No-kap and Han Kwang-ok, both members of the Supreme Committee, plus Rep. Mun Hui-sang, Chairman Yi's chief secretary, and Pak Chi-won, DP spokesman. Mun Hui-sang was the first chairman of Yonchong. He also had served as its sixth chairman until Kim Ok-tu took over recently. He is one of the key figures among KTC's direct disciples and he is always present at their gatherings. Despite his position as Yi's chief secretary, he would say unhesitatingly that "my 'home base' is Tonggyodong." Pak Chi-won also has his roots in Tonggyodong and was part of the KTC campaign in the last presidential election. The two are the key workers playing the role of a bridge between the YKT and KTC forces to prevent a split and ensure cooperation.

They are said to be playing the part of letting Chairman Yi's side know—through a variety of routes—what KTC thinks about Yi's National Assembly strategy and political course in general, or vice versa. They contend that there is no gap between Chairman Yi and KTC. They explain that there has been no change in their basic relationship—even amid the subtle undercurrent of a power game within the party. They assert that KTC has had no objections to Chairman Yi's political line, to the substance of his National Assembly speech delivered in October as a product of that new line, and to his press conference remarks in late September in which Yi stated that he would give the economy priority over the issue of liquidating the past—namely, to all those things that fed feud within the party. Needless to say, it was Mun Hui-sang himself who led the work in the writing of that speech. Moreover, Pae Ki-son, former assistant chief secretary for KTC, also took an active part in it. Pae has also been working as an aide for Chairman Yi for some time now. Another source familiar with developments on both sides asserts that "there is nothing going on that could fundamentally reverse the internal balance of power within the mainstream." He insists that the only problem is the dissatisfaction among mainstreamers with the performance of Chairman Yi, who they think

lacks in leadership for an effective struggle against the ruling camp. And it is a problem that can be resolved, he adds.

The nonmainstreamers have a different view, though. While agreeing that the KTC-YKT alliance will not be easily shaken, they do not think that YKT will remain the alternate of the mainstreamers for too long. At the same time, the mainstreamers themselves have the realistic need to try and shake the mainstreamers from inside to make sure that he will not. Their concerns are, in fact, no longer over the KTC-YKT alliance but focused on the moves of the Tonggyodong faction.

* Budget Cut Said To Weaken Defense Industry

942C0071A Seoul CHUGAN CHOSON in Korean
27 Jan 94 pp 28-30

[Article by reporter Sin Chong-nok: "The Defense Industry Shaken to the Foundations"]

[Text] "The government should take it over or do something. We are at the end of our tether," says the owner of a mid-level defense firm who is up to the ears in trouble these days. He continues:

"The defense budget cut has led to continuous falls in the Office of Supply procurement. Exports also have been on the downtrend since the latter half of the 1980's due to the technological stagnation and the constant checking by the United States. We simply cannot make both ends meet. Factories remain idle but wages nearly doubled over the past few years. Still, because of the peculiarities of defense industry, we find it difficult to convert to another industry."

The Korean defense industry is reeling to its foundations. And academia and research groups are warning, in increasingly loud voices, that it "must not be left as it is."

According to informed sources, the situation apparently is more critical than generally thought. The confirmed average rate of operation of defense firms in 1992 was as low as 53 percent. The number of workers moving to other industries has also been on the increase; some 1,500 of them left the defense industry in 1992 alone. They were either separated in reduction-in-force actions or changed their employment. It is known that many firms are on the brink of close-down. A well-known company recently moved part of its operations to the United States to find a way of exporting to third countries, averting U.S.-imposed restrictions. Exports, which earned as much as \$400 million to \$500 million in the mid-1980's, have plummeted to a \$100 million level in recent years. General trading companies have sharply reduced their operations for arms and equipment exports. Currently, while only two or three of them, including Kolon, maintain their old levels, most of those companies have at most four or five employees assigned to defense industry export business.

The government procurement of weapons and equipment from defense firms in the country was 1 trillion 300-odd billion won [W] in 1992, a drop by more than 30 percent from the 1991 level. The downtrend continued in 1993, it is known. The reason is that, as a result of improvement in the Northeast Asian situation and further democratization in Korea, which spurred demand for increased welfare spending, the defense spending was forced, relatively, to a standstill. Another factor was that as the Ministry of National Defense [MND] focused on high-tech equipment in its arms procurement program, purchase orders kept shrinking for domestic firms whose production capabilities were limited to basic arms and shells.

This led straight to falls in the firms' sales. The "A" firm, a leading shells firm, capable of producing 300 billion won-worth shells, turned out only 120 billion won-worth in 1993. The "S" company, a mid-level firm which needs 25 billion won in annual sales to stay in business, had only 8 billion won in sales from government procurement in 1993. The plight is the same of *chaebol* [conglomerates] defense firms. In the case of Hyundai Precision & Industry Co., mainly producing T-88 tanks, it had 190 billion won in annual sales from government procurement until 1992, when the sales fell to 120 billion won. Its 1993 sales are known to have dropped further.

The situation is worse with exports. The nation's arms exports once registered more than \$400 million in small arms and shells alone in the early 1980's. It did not include clothing and other outfits. The amount has continued to shrink since the latter half of the 1980's, falling below the \$100 million mark in 1992, according to industry estimates. Meanwhile, defense-related organizations estimate the 1992 exports at \$20 million or so. The reported \$25 million-worth export last year of "K-200 Korea-type armored cars" to Malaysia by Daewoo Heavy Industries turned out to be not an export in fact. The fact, according to reports, is that the Korean government provided—at Washington's request—the armored cars in support of Malaysian combat troops sent to Somalia, and that in doing so, it took the form of export.

There are, roughly, two reasons for the sharp decline in exports since the latter half of the 1980's. One is the increasingly tight restrictions imposed by U.S. authorities on guard against growth of the Korean defense industry, and the other is the industry's technological stagnation. In respect to high value-added equipment, Korea is totally under U.S. control under the Memorandum of Understanding (MOU) of the annual Korea-U.S. Security Consultation Meeting (SCM). In other words, its access to export itself is blocked. As for lower-class products such as bullets, Korea had to lose the markets to developing nations, such as China and Malaysia known for low labor costs, because of the sluggish technological development since the 1980's.

These developments are in part attributable to the global easing of the Cold War. As a result of the easing, the

defense spending has continued to drop the world over since 1990. The 1990 world defense spending marked a 5% drop from the previous year, and 1991 marked another 3% fall to \$921 billion. The decline continued in 1992—to an estimated \$800 billion. International arms trade also has continued to shrink by more than 20% every year. Japan virtually has been the only exception to the downtrend in defense spending. In major defense industry countries like the United States, France and Russia, the large-scale restructuring of defense industry is causing continued mergers and close-downs of firms. In the maelstrom, 600,000 workers have lost their jobs in the United States since 1989.

It can hardly be denied that the current plight of defense firms in Korea should be seen in the light of this global restructuring. At the same time, however, interested parties are unanimous in viewing the policy shift—away from the defense industry buildup by the Fifth and Sixth Republic governments—as the cause directly responsible for the present situation.

The view generally accepted is that the Korean defense industry was founded in 1970, when President Park Chung-hui, stunned by the 1969 commando assault on Chongwadae by Kim Sin-cho, instructed the formulation of a "10-year defense industry development plan." The National Defense and Science Institute [NDSI] was thus established, and the Defense Industry Council was created under the president's direct control. The council decided to begin where domestic production was possible, such as that of ammunition and communication equipment, selecting 20 firms for that purpose. The industry, combined with heavy chemical industry development policies in the mid-1970's, was on the rise. It developed the assembly capabilities for conventional weapons such as guns, tanks and helicopters in the late 1970's. It even began exporting products like M-16's and parts of communication electronics to Iran and the Philippines. The industry was the "goose laying golden eggs," bringing in big money.

The trend made a turnaround in the Fifth Republic. The government, pursuing a basic "economic stability program," saw the excessive investment in the heavy chemical industry as the culprit of inflation. As a natural development, the defense industry was taken off the priorities list. The Defense Industry Council was dissolved and procurement from domestic firms stayed flat. Some research institutes went out of existence. The downtrend is still on.

"In the general view of researchers, the nation's defense technology today has nothing much different from what it was in the 1980's. Responsible for this are both the government remaining indifferent to changes and the defense firms that spent their earnings of the 1970's not for research and development but to buy land," says an NDSI researcher.

The problem is that consequences are not confined to deteriorations in the payments position of some defense

firms. Experts note that even in the basic weapons branch, the possibility cannot be ruled out of a collapse of an adequate production capability itself, either for wartime or peacetime. Further, under the present circumstances, it seems to be fundamentally impossible to expect domestic defense firms to perform a positive role in the building of independent high-tech weapons systems.

Defense industry is a key state industry in most of the nations, because it not only has big pervasive technological effects on high-tech industries but also contributes greatly to creating jobs. This explains why those nations are intensifying protectionism for their defense industries against the optimistic trends of the post-Cold War. The U.S. F-17 is about four times the cost of the Russian MIG counterpart. Nevertheless, the U.S. Government buys the American product. The Japanese Government also pays four times the international price to procure T-17 tanks from Japanese makers. Major Japanese defense firms such as Hitachi and Mitsubishi receive 400 million yen to 500 million yen in technology development subsidies from the government every year.

The Korean defense industry is in a critical conversion period now. Interested parties are unanimous in pointing out that it should come out of the conventional manufacturing of basic arms and convert to high-tech fields for more pervasive effects in technology. However, firms are already too weak at the moment to tide over the restructuring period.

Chi Man-won, a military affairs expert, says that "strategy for the survival of domestic defense firms should be found not in a hasty push for domestic production but in developing specialties in the production of parts and tie-ups with foreign companies." "More important, however," he noted, "is to improve the administrative system which is now so inefficient that papers sent to the MND take months to reach the intended offices."

Paek Yong-hun, director of the Korea Industrial Development Institute and chairman of the Defense Industry Society, said: "We are in the Uruguay Round age in which subsidies to protect domestic industries are totally abolished; however, as far as defense industry is concerned, subsidizing it is unlikely to cause any international controversy, because advanced nations like the United States, Japan and Germany are all subsidizing their defense industries to protect them." "The government should not try to cut the defense spending blindly but keep it at adequate levels and, in particular, increase the budget for technology development sharply," he stressed.

Currently, there are 84 defense firms in Korea. Cooperative firms included, the number will be nearly 300. The

number of workers in the 84 firms alone is about 26,000. The Stockholm International Peace Research Institute (SIPRI) estimates the Korean defense industry manpower at 40,000. The SIPRI number, however, seems to include NDSI and other researchers plus employees of some cooperative firms.

Government May Downgrade Ranks in NSP, Defense

*SK1603090594 Seoul YONHAP in English 0721 GMT
16 Mar 94*

[Text] Seoul, March 16 (YONHAP)—The government will consider downgrading the ranks of public officials working at the Defense Ministry, the Public Prosecution, the Agency for National Security Planning (NSP) and the Board of Audit and Inspection (BAI) to match those at other government ministries and agencies, informed sources said on Wednesday.

The ranks of officials at the "power-wielding" agencies are one or two grades higher than those of other public officials with similar qualifications and experience, and have long been a target of complaint for the latter.

For instance, a newly commissioned public prosecutor, after two years at the judicial research and training institute and then passing the higher judicial service examinations, is given a rank two grades higher than new public officials in other government agencies who passed the higher civil service examinations.

Ranks of officials at the NSP and the BAI are also higher than those at other agencies, while field-grade officers of the Armed Forces are two grades higher than their counterparts in the civil service.

To rectify this situation, the administrative reform committee will shortly study the downgrading plan, a committee source said, adding the committee is taking suggestions about readjusting the ranks of officials at power-related agencies.

Another source said it would be difficult to readjust downward public prosecutors' ranks because they were set on a par with courthouse judges.

The ranks of officials at power-related agencies were upgraded under the authoritarian governments of Pak Chong-hui and Chon Tu-hwan in a bid to strengthen their power base.

Government Publishes New Political Reform Laws

*SK1603062894 Seoul YONHAP in English 0249 GMT
16 Mar 94*

[Text] Seoul, March 16 (YONHAP)—The government published three new political reform laws in the official gazette Wednesday, putting them into effect with the exception of deferred provisions.

The law on public officials' elections and prevention of electoral fraud, amendments to the political funds law, and the local autonomy law were signed by President Kim Yong-sam on Tuesday.

The law on public officials' elections and prevention of electoral fraud pulled down the upper limit of election campaign expenses while allowing free outdoor campaign speeches. The law bars anyone convicted of violating the election law from getting a public post for 10 years. His civil rights will also be limited under the new law.

Moreover, the new law prohibits political parties from admitting new members during campaign periods and bans neighborhood meetings. Party rallies in the form of discussion gatherings are also prohibited from 30 days before the official campaign period and public disclosure of candidates' personal assets is required.

Candidates or political parties can ask the government to arbitrate in disputes over bribery, violence or meddling by government officials in campaigns.

The new political funds law introduces a system in which all monetary transactions must be accompanied by receipts issued by the Central Election Management Committee [CEMC], and raises the government's political fund subsidies to 800 won from 600 won per voter.

In addition, it allows the formation of support organizations by party local chapters. It also allows collection of campaign funds at rallies and anonymous contributions if they are accompanied by receipts issued by the CEMC.

As for the local autonomy law, heads of local governments are allowed to ask the voters about decisions on major issues.

Cambodia

Plans for Pailin Attack, KR Income Sources

AU1503132494 Munich FOCUS in German 14 Mar 94
p 242

[Report by Peter Dienemann: "Khmer Rouge Capitalists"]

[Text] Officially, they should have been bankrupt a long time ago. Since the Paris peace agreement on Cambodia, China and some Western countries have withdrawn all support from the Khmer Rouge [KR]. However, the communist guerrillas are continuing their war against the elected government in Phnom Penh.

The Khmer Rouge actually possesses millions of dollars and an arms arsenal that, in the opinion of Western intelligence services, "is more than enough for another five years of fighting." The Marxists, who tried to turn the country into a peasant state under their terror regime from 1975 to the end of 1978, have become capitalists.

"The Khmer Rouge are plundering our country's natural resources in order to be able to continue their war," Phnom Penh's Information Minister Ieng Muli complained to FOCUS. Their main source of income is from the exploitation of precious stones in Pailin. The city, about 40 km from the Thai border, is in the fourth of the country controlled by the Khmer Rouge. "The Khmer Rouge's monthly income from granting licenses for the exploitation of sapphires and rubies is about \$10 million a month," Muli stated.

Cambodian Government troops are planning a major attack on Pailin. This strategic base should be conquered by the end of the dry season in June, a high-ranking officer in Phnom Penh predicts. Against the background of the continuing guerrilla warfare, Cambodian King Norodom Sihanouk has called for reconciliation between the Khmer Rouge and the government. If the fighting is not brought to an end, it will mean "the death of Cambodia."

The Marxists earn another \$2 million a month with wood. The illegally felled timber, mainly fine wood from the north of Cambodia, crosses the border to Thailand on secret paths. Japanese firms have built sawmills in the land of the Khmer.

The business is hard to prevent on the Thai side. High-ranking army officers have shares in the companies. If vigorous action is taken against them, Prime Minister Chuan Likhai can expect a new putsch.

Tie Banh Comments on Rumored Pailin Offensive

BK1603041094 Bangkok THE NATION in English
16 Mar 94 p A5

[Excerpts] Phnom Penh. —Cambodian Defence Minister Gen Tie Banh on Monday dismissed reports that an all-out offensive against the Khmer Rouge stronghold of

Pailin would start within days, saying the date for such an attack could not be fixed. "It is not possible to specify when we are going to attack. That would depend on the opportunity," he said. However, according to Tie Banh, the Royal Army will definitely move against Pailin as it is the responsibility of government forces to suppress "the outlaw forces". [passage omitted]

"(The Cambodian government) is to try to solve this (Khmer Rouge) problem as soon as possible so people can live happily," Tie Banh said.

There have been rumours recently that about 9,000 government forces had moved closer to Pailin, preparing for a major attack. But according to Tie Banh, a large force would not necessarily be helpful in fighting the Khmer Rouge who are accustomed to hit-and-run fighting. "Effective and well-planned strategies will be more useful," he said. The minister said the news media had worsened the situation by publishing groundless reports. "How would they know how many army personnel we have? And even we don't know when to attack the Khmer Rouge," he said.

Asked if he knew the size of the Khmer Rouge guerrilla force, Tie Banh said it was difficult to estimate but he personally believed the faction did not have as big a force as generally reported. He said news reports have always overestimated the guerrilla forces.

Despite the fact that the royalist Funcinpec [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and the Khmer Rouge had been allies for 13 years, from 1979 to 1992, fighting the Phnom Penh government, Tie Banh said Funcinpec and the Cambodian Peoples Party did not have any conflict over military policy. "Our policy is to clear the country of outlaw forces responsible for public unrest," he said. According to Tie Banh, it would be against the public will for the army to be reluctant to suppress the Khmer Rouge. "In the past, they were allies, but now they must be broken up as we have to follow the rules," he said.

Meanwhile, Co-Defence Minister Tea Chamrat of Funcinpec said military forces would not always be able to end every conflict but "political approaches" in many cases would be more successful. He cited as an example Thailand's long-unsuccessful fight against the communist party which finally was resolved through a combined political-social approach. "Cambodia would do well to follow suit," he said.

NADK: Government Continues Pailin Offensive

BK1603043294 (Clandestine) Voice of the Great
National Union Front of Cambodia in Cambodian
2330 GMT 15 Mar 94

["Clarification" issued by the National Army of Democratic Kampuchea spokesman on 14 March; place not given]

[Text] I. The Vietnamese communist puppets and the two-headed government, along with the alliance's propaganda apparatus, have been performing a new trick lately. They have been taking turns lying about their invading forces putting off military operations in the Pailin region in compliance with King Norodom Sihanouk's appeal.

II. What is the reality on the ground? The reality is that the invading forces of the Vietnamese communist puppets and two-headed government have earnestly pursued military operations in the Pailin region and western Cambodia without interruption.

While their propaganda machine broadcast lies on 10 March about their invading forces postponing military operations, the invading forces of the Vietnamese communist puppets and two-headed government were ordered to conduct a two-pronged offensive on the battlefield. The first prong was launched from Treng along National Route 10, and the second prong was launched from the Komping Puoy Dam. Military operations were also launched on the south Sisophon, Samlot, and Malai battlefields. The people and the National Army of Democratic Kampuchea [NADK] resistance joined hands to resist, attack, and disperse the invading forces. They inflicted heavy losses.

III. What is the purpose of the deceitful propaganda disseminated by the Vietnamese communists, the Vietnamese lackey puppets, the alliance, and the two-headed government? It has two main objectives:

1. To fool the national and international public into believing that they have respected and implemented King Norodom Sihanouk's appeal. Actually, they oppose the king's five points, national reconciliation, and peace. They continue to talk about sending thousands or even tens of thousands of troops, tanks, and heavy guns to launch military operations in various areas, including the Pailin region. The same deceitful maneuver was employed by the Vietnamese communists—the master of the one-eyed Jack [Hun Sen] and his cronies—to fool the United States between 1960 and 1973, especially during the Tet season. This is why his majesty the king says he cannot call a meeting or organize talks on his five points; because the two premiers disagree.

2. They are acting in this manner because they can increasingly smell the smoke of their defeat. As a matter of fact, on 28 February—when they launched their first major military offensive in the Pailin region—they were routed after four hours of fighting. On 4 March their second attempt was also severely defeated. On 8 and 10 March, they were again severely routed by the people and Democratic Kampuchea.

IV. The Party of Democratic Kampuchea [PDK] and the NADK, along with the entire Cambodian nation and people, yearn for peace and the end of the bloody war triggered by the Vietnamese war of aggression. The PDK fully and unreservedly supports his majesty the king's five points. Nevertheless, in the face of the invasion by

the forces of the Vietnamese communist puppets and the two-headed government—carried out in accordance with the policies and strategies of the Vietnamese communists and the alliance aimed at destroying the NADK and thereby allowing the Vietnamese communists to do away with the Cambodian nation and race—the people and the NADK resistance have no alternative but to continue their struggle to implement the king's five-point policy in order to achieve national reconciliation, restore national unity and peace in Cambodia, and finally end the war.

[Dated] 14 March 1994

[Signed] The NADK spokesman

Radio Reports on 11-13 Mar Pailin Fighting

BK1603081594 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 15 Mar 94

[Text] The following is a report on the Pailin battlefield situation on 11, 12, and 13 March:

1. During these three days, the two-headed government's invading forces painstakingly carried out an offensive with infantry, artillery, and tanks. Their warplanes bombed and attacked many areas.
2. All of their troops came from National Route 10.
3. The invading forces were backed by 18 heavy guns and tanks.
4. Their military maneuvers were the same that they employed on the Anlung Veng battlefield; that is, small special units were sent to carry out swift attacks and fool us into pursuing them, while their ground troops and tanks attacked us from behind. Although they had many thousands of ground troops, most of them were new recruits who lacked fighting spirit.
5. Their fighting spirit was low. We attacked and routed many of their columns; after a short battle, they were dispersed. They only showed the might of their artillery and tanks from a distance; they did not dare move them close to the fighting. We were able to attack them from remote areas, and we intercepted them when they moved forward, just as we did at Anlung Veng.
6. They used L-19 warplanes and helicopters to bombard and shoot at us, but they did not dare come closer because they were afraid of losing their aircraft.
7. We are continuing to counterattack and rout the enemy troops in the north and south.
8. Our commanders were together with our troops, who stayed permanently at the frontline. We are now following a strategy of attacking the invading enemy forces with a high sense of responsibility and lively initiative. We are determined to defend our bases and people and thus contribute to defending our nation and people. We are especially determined to annihilate as many of the invading enemy forces as possible.
9. As always, our forces on the front and in the rear are ready to fight with a high spirit to annihilate the invading forces.

Indonesia

Islamic Leader Interviewed on Suharto Succession

BK1503144594 Jakarta TEMPO in Indonesian
5 Mar 94 pp 32, 33

[Excerpts] The issue of leadership succession has become the talk of the town since Dr. Amien Rais, leader of Muhammadiyah Islamic Group, voiced his views several months ago on the criteria of a presidential candidate. But this time the issue of succession was indeed started by President Suharto himself. The president has discussed this important issue at least three times in the past two weeks. [passage omitted]

What does it all mean? Former Religious Affairs Minister Alamsyah Ratu Prawiranegara interpreted the president's remarks as confirmation that he will not step down before his term expires. "But at the same time, he also indicated that he is not willing to be reelected after 1998," said the former coordinator of the president's private secretaries.

It is worth noting that Alamsyah was the man who strongly called for the nomination of Suharto as president in the general session of the People's Consultative Assembly in 1993 through, among other things, the so-called political prayers. The following is an excerpt of an interview with Alamsyah, who now serves as roving ambassador for Asia, by TEMPO correspondents Andi Reza Rohadian and Agus Basri at Alamsyah's house in West Pejaten, South Jakarta, on 26 February.

[TEMPO] What makes you so certain that Pak Harto [Mr. Suharto] is not willing to serve another presidential term after 1998?

[Alamsyah] I belong to the group of people who know his real character. In 1966, Pak Harto never dreamt of becoming president. At that time, on 26 February 1966, I was one of the assistants to the Army chief of staff and one of Pak Harto's confidantes. I told him then that he could not remain idle. I pushed him indirectly, but he said: "I understand what you mean, but you should know the Javanese people's way of thinking. For example, there is a saying called Sabdo Pandito Ratu, which more or less means that a king's wishes should not be opposed."

[TEMPO] Therefore, what really happened at that time?

[Alamsyah] Pak Harto was urged to take a shortcut, namely take action to replace President Sukarno. But Pak Harto said: "I abide by the Constitution." Finally, at the insistence of the Pancasila [state ideology] Front and the Indonesian Army, a special session of the provisional People's Consultative Assembly was convened and Pak Harto was appointed acting president. At that time, Pak Harto was still reluctant, but Subchan Z.E. and Lukman Harun of the Pancasila Front continued to urge him to accept the post, and there was no other choice. In this case, assuming the post was not his own will,

[TEMPO] But now he has assumed the post for such a long time.

[Alamsyah] Right, he was unanimously elected as president in the 1973 general session of the People's Consultative Assembly. The same is true with the general sessions in 1978, 1983, and 1988. After that, he was actually unwilling to be renominated in 1992, but due to the strong public pressure and the fact that nobody seemed to be qualified enough to replace him at that time, he decided to accept the offer again.

[TEMPO] You were one of those who urged him to take up the offer, weren't you?

[Alamsyah] Yes, I was one of them. He was actually unwilling to take up the offer, but social organizations asked me to go and see him. They believed nobody was qualified enough to replace him. The move was turned into prayers, which was later called political prayers. In the end, Pak Harto was willing to take up the offer due to the strong pressure.

[TEMPO] Now how do you view Pak Harto's answer to Prof. Wilson's question? Do you think Pak Harto's answer was also due to Prof. Wilson's pressure?

[Alamsyah] As far as I understand, it was a warning [preceding word in English], which means that Pak Harto will not step down without completing his tenure as stipulated by the People's Consultative Assembly. But after this term, Pak Harto seemed to say that he does not want another nomination to the post.

[TEMPO] Is that true?

[Alamsyah] I believe so and I have seen several factors to support my view. You see Pak Harto has fought for this nation for 54 years, namely from the pre-independence period, the independence period in 1945, and the post-independence period where he had to defend and give substance to our independence. It has been nearly 30 years since the abortive communist coup and as an ordinary mortal, Pak Harto has worked night and day without taking a rest. Therefore, it is human for him to feel tired. When we heard his recent remarks, we must take pity on him because he should also enjoy his old age. Besides, he will turn 77 in 1998 and this is past the life expectancy of an average Indonesian. He must be very tired and his performance in six presidential tenures has been outstanding and we must be grateful to him. This is my personal view.

[TEMPO] Therefore, are you sure he wants no more?

[Alamsyah] That is what I believe.

[TEMPO] Who will replace him then?

[Alamsyah] Both the military and civilian people have their own candidates.

[TEMPO] Which one do you think is better, the military or the civilian?

[Alamsyah] I believe it makes no difference whether the next president is a military man or civilian. What is important is that person's capability.

[TEMPO] He must also fulfill certain requirements cited by Amien Rais from the Muhamadiyah Islamic Group?

[Alamsyah] Yes, he must also have good leadership, proven performance in development programs, good understanding of regional (ASEAN) and international (the United Nations) issues, as well as respect among members of the Organization of Islamic Conference.

[TEMPO] [Vice President] Try Sutrisno now seems to be preoccupied with domestic issues only.

[Alamsyah] It is like this: Pak Harto was never groomed when he assumed the post, but it turned out that he can do the job well. This means that a person can do his job if he is given a chance and confidence.

[TEMPO] What do you think of Try Sutrisno?

[Alamsyah] You will have to find out yourself. In short, the public concern in 1992 that nobody was qualified for the post has now disappeared. It is up to them whether they want a military and civilian candidate.

[TEMPO] Pak Harto must have realized that we now already have a qualified candidate to replace him.

[Alamsyah] Yes. I believe he has somebody in mind.

[TEMPO] [Former Vice President] Sudharmono was reported to have directly asked Pak Harto about this succession issue.

[Alamsyah] Both Sudharmono and I have asked him about this issue. He said to me at a function at the Merdeka Palace last June: "I am already tired."

[TEMPO] In 1987, Pak Harto said he was apprehensive at serving another term, but in 1992, it turned out that he accepted the offer. Now he says he does not want another term, but if there is more public pressure to accept the post, do you think he will accept?

[Alamsyah] That is why I want to help him so there will be no more pressure for him to accept the post.

[TEMPO] As for Pak Harto's replacement, you might as well collect signatures to support either Try Sutrisno or [Research and Technology Minister] Habibie.

[Alamsyah] That can be done, but I no longer want to get involved.

[TEMPO] Between the above two candidates, who is the more worthy presidential candidate in 1998?

[Alamsyah] I do not want to influence the People's Consultative Assembly. As for myself, I support the person who gets the highest vote in the assembly.

[TEMPO] Some people said there are two candidates, namely Try Sutrisno and Habibie.

[Alamsyah] I think both are equally qualified, but one of them must be more qualified. Well, let the People's Consultative Assembly decide. Both have an equal chance. Even though one of them faces opposition, he still has a chance. Let the assembly decide. It is possible that one will win and the other becomes vice president.

[TEMPO] What do you think the priority programs are for the next elected president?

[Alamsyah] First of all, he must be able to maintain national stability and unity. He must safeguard our independence because a lot of sacrifices have been made. Secondly, he must carry out development in all aspects. This is especially true because the year 2000 has been projected as the Asia-Pacific century. Countries which are ready to welcome this era are Japan, South Korea, Hong Kong, Taiwan, Singapore, and perhaps Malaysia in five years' time. Therefore, we must race against time.

[TEMPO] That means we must master technology?

[Alamsyah] Not only technology, but also things like banking and management. A president must have a broad macro outlook.

[TEMPO] Does he also have to be Muslim?

[Alamsyah] Well, that is also important. In the unamended 1945 Constitution, it is clear that a president must be a native Indonesian Muslim. After the declaration of our independence, such a clause was scrapped because the majority of Indonesians are Muslims, so a president should automatically be a Muslim. There is no need to be explicit about this.

[TEMPO] After Pak Harto steps down, do you think the presidential tenure should be limited?

[Alamsyah] The 1945 Constitution stipulates that the president and vice president are elected for a five-year term and can be reelected for more terms. But in the future, the presidential tenure should be limited to two terms only.

[TEMPO] How do we do it?

[Alamsyah] If we want to do it officially, the 1945 Constitution must be amended through a referendum, but I think it is better to do it through national consensus.

Overspending Blamed for \$857 Million Deficit

BK1603113794 Jakarta THE JAKARTA POST in English 8 Mar 94 p 1

[Text] Jakarta (JP)—Minister of Finance Mar'ie Muhammad announced yesterday that the state budget for the 1993/94 fiscal year suffered from a nearly Rp. [Rupiah] 1.8 trillion (U.S. \$857 million) deficit. The over-budget spending has created a deficit in a year that should have seen a Rp. 400 million surplus. Routine government spending is the main cause of the deficit problem. This year's routine spending came in at Rp. 1.71 trillion higher than last year. Also contributing to the deficit was development spending that far exceeded what was budgeted.

Speaking at a plenary session of the House of Representatives (DPR), the minister said that the government will cover the Rp. 1.8 trillion loss with its development fund reserves. These funds, which amounted to approximately Rp. 3.5 trillion (\$1.6 billion), had been set aside to offset a possible shortfall in revenue.

The minister explained that the state budget for the 1993/94 fiscal year was originally expected to balance at Rp. 62.3 trillion (\$29.66 billion) both for revenues and spending. By law, the state budget cannot run at a deficit.

During yesterday's plenary session, the finance minister detailed the causes of this year's imbalance between revenues and spending. He estimated that state revenue from domestic sources (both the oil and non-oil sectors) in the 1993/94 financial year would reach around Rp. 52.3 trillion or 0.5 percent lower than the initial projection.

He explained that due to the world drop in oil prices, the state receipts from oil and gas taxes are estimated to fall 17.3 percent behind the original projection of Rp. 15.12 trillion. In addition, the price of Indonesian oil reached only \$16.50 per barrel, \$1.50 lower than the government's original projection.

However, there were some sources of state revenue that came in above the budgetary expectations. The minister said that the state receipts from non-oil and non-gas sectors are estimated to reach around Rp. 39.8 trillion, 5.7 percent higher than original projection. This was due to the higher-than-expected tax receipts which were estimated to reach around Rp. 34.8 trillion, 2.9 percent higher than the original estimate.

The higher non-oil/non-gas revenues, combined with increased foreign aid, raised total state receipts to [Rp.] 62.7 trillion (\$29.85 billion), which was Rp. 400 million above the original revenue projections. This surplus is fortunate because it allows the Indonesian Government to contain the increased government spending that would have put the state's debt at Rp. 2.2 trillion.

The minister explained that routine spending is estimated to reach approximately Rp. 38.8 trillion or 4.6 percent more than the original projection of Rp. 37.09 trillion. This is due to the unexpected increase in government salaries, government purchasing, subsidies of provincial administrations, and loan repayments. Contributing to the problem was over-spending on development programs.

The changes in the 1993/94 state budget will be further deliberated by the House's Budgetary Commission.

Last week, the House approved the government's budget proposal for the 1994/95 fiscal year, which begins in April. The minister said that he was optimistic that the government would not have any problem handling possible drops in state revenue in fiscal 1994/95.

Philippines

DFA Wants Burma, Others To Join ASEAN

BK1603090294 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 16 Mar 94

[Text] The Department of Foreign Affairs [DFA] favors the inclusion of Vietnam, Laos, Myanmar [Burma], and

Cambodia in the Association of Southeast Asian Nations. DFA Secretary Roberto Romulo has emphasized that the entry of these nations into ASEAN will enhance regional development:

[Begin Romulo recording, in English] It is important that we start dialoguing with each other, exchanging ideas and technology with each other. And it's in this context that we always have to look at all of these countries, not just Vietnam. However, the fact remains that Vietnam is 70 million people strong and is probably closer to becoming a productive member of ASEAN and a member of the ASEAN Southeast Asian family than the others. [end recording]

Ramos Previews Vietnam Visit, Other Issues

BK1603103794 Quezon City PTV-4 Television Network in English 0642 GMT 16 Mar 94

[Weekly news conference of President Fidel V. Ramos with domestic and foreign correspondents at Malacanang Palace in Manila—live, italicized passages in Tagalog]

[Excerpts] [Correspondent] Sir, in all your past foreign visits, the thrust was to attract investors to invest in the Philippines. In your forthcoming visit to Vietnam, what would be the thrust considering that the Vietnamese are not in a position to invest here in the Philippines?

[Ramos] Why, am I going to Vietnam? [laughter] Anyway, seriously speaking, Ellen, in all of our trips, trade promotion was just one of the major goals. But the paramount goal in all of those trips was the improvement of bilateral relations, and that is very important for the Philippines which is in the center of Asia and the Pacific rim. And I think we accomplished those objectives in 1992 and 1993.

Another major mission aside from trade promotion, investment promotion, tourism promotion, and improvement of bilateral relations is enhancing our regional stability, security, and cooperation. And this is where such networks and organizations as ASEAN, APEC [Asia-Pacific Economic Cooperation], EAGA [East ASEAN Growth Area], and now the newly formed ARF which is the ASEAN Regional Forum which includes the dialogue partners of ASEAN participating in the discussion now of defense and security matters which is unprecedented in the more than 25 years of the existence of ASEAN, are matters of extreme importance to the Philippines.

Now, of course, it is always nice if you can bring in investments. But in the case of Vietnam, which is the example that you are citing, we must make sure that our bilateral issues pertaining to the restoration of our very close cooperation and goodwill are restored. I think I can safely say that among the countries in ASEAN, it was the Philippines that had very close relations with the Indo-Chinese states of Vietnam, Cambodia, and Laos. And this dates back to the early 50s during the time of

President Ramon Magsaysay. And that is why the name Filipino in Vietnam, for instance, is associated with being number one. You ask (Percy Picardo) there who was in Vietnam with me. *What they said in Vietnam is Filotan number one.* Filotan means Filipino. And it's not only because of that assistance that was given by President Magsaysay, but also the initiatives of our socio-civic and veterans organizations. The likes of the Freedom Company; the (Instance) Construction; the OB, or Operations for Brotherhood, still are highly regarded institutions there. So, this is something that we want to renew and certainly enhance.

Now, another important reason is we are all neighbors, claimants in a certain area of the South China Sea, collectively now called the Spratlys. I think it is important to pursue again the commitments to the peaceful, joint development, and exploration of the Spratlys. For your information, among the claimants there, it is the Philippines and the Vietnamese that are in closest contact. It's just almost as close as from here to Makati [Philippines' financial district]; *the islands that we are occupying are very near.* So it's important to make sure that the commitments made in the Manila Declaration of July 1992, which was the foreign ministerial meeting that we hosted at that time and in which the dialogue partners also made similar commitments, be strengthened by these visits.

You should also realize that we have hosted tens of thousands, if not hundreds of thousands, of Vietnamese refugees—the so-called boat people—in Palawan, in Morong, Paranaque, and other places. And again, there must be some kind of a dialogue that should take place as to the future of these Vietnamese nationals.

There is the matter also of complimentation of our products and raw materials. While generally it is true that we have a similar kind of economy with Vietnam, similar products, and agricultural and mineral resources, there is complimentation that could take place, meaning cooperation to the mutual benefit of both. Inasmuch as right now we are at a higher developmental stage, if you are looking at the entire spectrum of human skills, education, health and medical services, management, banking, and financial services, as well as infrastructure for transportation, communications, etcetera. [passage omitted]

[Correspondent] Sir, the Thai foreign minister when he was here about a week ago, mentioned about the possibility of getting together the leaders of ASEAN and the Indo-Chinese states?

[Ramos] Minister Prasong?

[Correspondent] Yes, Sir.

[Ramos] Well, as you may recall, I said that already in my speech last May, in the PBEC—Pacific Basin Economic Council in Seoul—which was hosted by Korea. Prime Minister Mahathir and I in fact spoke from the same platform on the same morning, and that was the

thrust of my message. The CAN concept—C-A-N, Community of Asian Nations—was officially proposed by me. And this one is a follow-up of that, this one of Foreign Minister Prasong.

[Correspondent] Sir, will this not be a block within, say, APEC?

[Ramos] I'll just give you a copy of that speech last May because it's all described there.

[Correspondent] Sir, thank you. [passage omitted]

IPR Charges Filed Against Two Retail Outlets

BK1503124694 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 15 Mar 94

[Text] The Department of Trade and Industry [DTI] has intensified its campaign to protect intellectual property rights [IPR]. Earlier today, DTI filed counterfeiting charges against two clothing retail outlets of Walt Disney products that have no authorization from the legitimate copyright owners. DTI Undersecretary Ernesto Ordonez headed the raiding team which filed the charge sheets against the two outlets in Shoppesville Complex in Greenhills, San Juan.

Those charged will face a fine of up to P150,000 [Philippine pesos] or cancellation of permit and other penalties. Ordonez assured that DTI is following a more speedy procedure in filing charges.

[Begin recording] [Ordonez in progress] ...because what I have here [displaying child's clothing] is Walt Disney, but this is fake—counterfeit. This is not right, okay? We need not go to the police, go to the court, go to the judge, and go to the mayor. No need. As long as there is a consumer that comes to us and has the receipt and brings something like this, the consumer can make a complaint at our office. Within three to five days, the violators were arrested. That was what happened.

This one, I was the one who personally bought it. So, they can not fool us anymore. Aside from this, even if I did not buy this one, if there is a complaint, and there is a receipt and the product is presented, they will be caught.

[Disney representative, in English] I'm very glad that DTI has decided to take corrective action on counterfeiting in the Philippines because it is really a big problem here. We have local manufacturers paying taxes to the government, and they are badly affected by the counterfeits. Now, stopping counterfeits from retailers will really help solve the problem. [end recording]

Southern Mindanao Emerging as 'New Growth Area'

BK1603082294 Manila MANILA BULLETIN in English 14 Mar 94 p B-8

[By Malou L. Sayson]

[Text] Southern Mindanao is fast shedding off its image as the country's traditional economic backdoor and in no time will emerge as the new growth area in the east of the Association of Southeast Asian Nations (ASEAN). The reason for this change is its abundant agriculture and natural resources which have continued luring unprecedented investments since the early 1990's. Southern Mindanao's passport to a grandiose transformation is its so-called SOCSARGEN (South Cotabato, Sarangani, General Santos City) growth corridor, dubbed as the "agricultural paradise" of the south.

Agriculture Secretary Roberto S. Sebastian said the diversified agricultural potential highlighted by the vast and rich fishing grounds of the Celebes and Solomon seas could easily make the area the main gateway to East ASEAN markets.

The growth trend has emerged in the early 1990's when investments jumped 800 million to around one billion pesos at present. New firms have also been noted to have mushroomed. Sebastian said there are about 200 big local and foreign investors who have confirmed investing in SOCSARGEN.

Malaysia is one of the leading investors in the area as signalled by the recent visit of Malaysian Prime Minister Mahathir bin Mohamed. Sebastian said a Philippine trade mission is set to visit Malaysia to discuss agriculture complementation between the two countries, especially in the aspect of fishing.

A world-class fishport, 20 minutes away from Polomoloc, South Cotabato, is just a part of the infrastructure investments of over \$200 million committed by the governments of the Philippines, the United States and Japan. Sebastian said the fishport complex, designed to cover a one-kilometer shoreline with a projected daily capacity of 1,000 metric tons of fish catch, could make SOCSARGEN competitive with Thailand's port. He said fish processing activities are concentrated in Thailand; but once the fishport complex is established, the country can capture part of the fish market. This is due to SOCSARGEN's proximity to the rich fishing grounds of the Solomon and Celebes seas located east of the country.

Just by cutting the transit time is enough to lure commercial fishing vessels to land their catch in Southern Mindanao instead of Thailand, Sebastian added. Commercial fishing firms operating in General Santos City are leading participants in this lucrative regional fishing market. There are 34 commercial deep-sea fishing firms with a combined fleet of over 600 commercial fishing vessels based in the city, making it the second port next to Navotas in fish landings and the leading port for tuna. The five fish canning plants producing as much as \$30.8 million worth of products are also projected to increase production with the building of the fishport complex.

Sebastian said by 1996, the \$30-million Japanese-financed fish port will be completed to consist of a 300 meter wharf for 2,000 gross ton reefer carriers, a 750

meter landing quay and a cold storage for 1,500 metric tons of large tuna. The port has also the capability to accommodate a 60-ton ice plant, brine airblast and contact freezers and some 4,500 square meters of fish market stalls.

SOCSARGEN's great marine wealth is completed by high agricultural productivity contributed by the unrivaled soil fertility of the Allah and Koronadal valleys. He said the area produces 40 percent of the country's pineapples, 23 percent of its corn, 75 percent of its cotton, and eight percent of its coconuts.

SOCSARGEN is also a major production area for countries area for cut flowers, prawns, bananas, asparagus, seed corn and a leading production site for hogs, livestock and feedgrains.

Thailand

Delegation Leader Previews U.S. Aviation Talks

BK1603041894 Bangkok THE NATION in English
16 Mar 94 p B2

[By Usani Mongkhonpon]

[Text] Now is not a good time for Thailand to resume negotiations on aviation rights with the United States because the existing temporary agreement is efficient and fair to both countries, an aviation industry source said. But Permanent Secretary for Transport and Communications Mahidon Chantharangkun confirmed, "We'd better talk to them."

A Thai delegation headed by Mahidon will go to Washington April 5-6 following a US invitation. The United States wants Thailand to adopt its "Open Skies" policy allowing for unrestricted cargo and passenger capacity on a mutual basis. Mahidon said the Thai delegation is unlikely to go along with the US Open Skies idea but stand firm in defending this country's interests first.

The industry source said Thailand is now in an advantageous position vis-a-vis the United States since there is now no permanent agreement obliging this country to make any concessions. The latter has tried to help its airlines gain more access to the growing Asian markets. Thailand would be at a disadvantage in an openly competitive competitive [as published] situation. Thai Airways International is the only large international carrier based here and it does not have the capability to fight with the four strong US airlines flying here, including United, Delta, Northwest and Federal Express.

The United States successfully concluded open-skies agreements with the Netherlands for an unlimited time frame and with Germany for a four-year term. Negotiations with the United Kingdom are now under way. He emphasized however that it is time for the two countries to resume talks, four years having passed since the cancellation of the last aviation pact. "How could people be angry for four years? We should have a little bit of

talking. If the negotiations show no sign of accomplishment, we will just quit," Mahidon said.

The United States on March 11 informed Thailand that it wants to see three main topics discussed, including Thai restrictions on seat sales by Delta and United Airlines, possible capacity limitations by Thai and US carriers and more flexibility for cargo carriers.

Asked if the US might impose sanctions under the US 301-trade law on Thailand for not consenting to its demands, Mahidon said that he believes the US would not, without however giving a reason. "It depends on who is leading the negotiations," he added.

A source in the Aviation Department pointed out that the US has already softened its stance on Thai Airways International's operation in the US market in the hopes of Thailand easing its resistance.

Another temporary agreement between the two countries, valid from Mar 7 to Sept 1 was just completed.

'Illegal Shipment' Clause Focus of Textile Talks

BK1603041494 Bangkok THE NATION in English
16 Mar 94 p B3

[By Achara Phongwutthitham]

[Text] In an attempt to conclude the long-awaited bilateral textile agreement during the round of talks to take place at the end of this month, Thai officials are considering the wording of the illegal shipment circumvention clause. Thai and US officials are scheduled to hold their third round of talks this month. They are expected to focus on the illegal shipment clause as it is the last crucial and contentious issue to be resolved in the negotiations.

The United States has already proposed some wording it would like to see included in the agreement, but the Thai side did not want to see the final agreement based on a US draft alone. The wording proposed by the US may conflict with some of Gatt's multilateral trade principles. And Thailand's agreement to such a clause might have put the country at a disadvantage on other issues in the future.

A source in the Thai Garment Manufacturers Association said the US proposed very tough penalties for circumvention of the country-of-origin rules. Thai garment exporters would stand to lose portions of their quota if their products are found to have been transshipped to third countries before entering the US.

The condition suggested by the Americans would give the United States the rights to inspect any plant in Thailand suspected of transshipping its output to the United States without advance notice. If any plant were shown to be guilty, the firm would be subject to being punished by the reduction of its quota by triple the amount of product illegally transshipped.

The General Agreement on Trade and Tariffs (Gatt) calls for giving accused countries the chance to clear themselves by submitting documentation in support of their innocence. The US wants to be able to check things out at the source.

The source said two previous negotiating sessions had failed to extend the textiles and garments agreement because the Thai side could not accept the US proposal.

Many other textile and garment exporters like Hong Kong and China have agreed to sign bilateral textile quota agreements with the United States. The circumvention penalties insisted on by the United States differ for each country such an agreement has been concluded with.

The old bilateral agreement which allowed for a limited amount of Thai textiles to be exported to the US without harming its domestic garment industry expired on Dec 31 of last year.

Wirot Amatakunchai, president of the Thai Garment Manufacturers Association, said Thailand proposed a 20 per cent increase over its former quota of 202 million square metres for the new agreement, since Thailand used up all of the quota granted under the old agreement last year.

The upcoming third round of negotiations have been delayed until April or May after a big meeting of the Thai Chamber Commerce.

Phongsak Atsakun, president of the Thai Textile Manufacturing Association, said the 30 per cent decrease in sales of cotton products around the world would affect exporters only in the short term. Prices of imported raw cotton, of which Thailand imports 300,000 tonnes annually, have risen by 40-50 per cent over the past two months.

Wirot said the finished-clothes industry has also been affected. Cotton thread is currently priced 30 per cent higher with TC thread priced 10 per cent higher as well. Cotton clothing is expected to increase in price by 20 per cent as a consequence.

Editorial: U.S. Preparing 'Economic War'

BK1603015494 Bangkok THAILAND TIMES in English 16 Mar 94 p A4

[Editorial: "US economic sabre-rattling in Asia to force trade concessions"]

[Text] The recent objection raised by the European Union on the methods adopted by the United States in its efforts to get into Asian markets by force represents the "stick and carrot" approach, which is counter to the GATT agreements, should serve as an eye-opener to the leaders of this region.

In the US endeavor to penetrate the markets of China, Indonesia, Japan and Thailand, talking to them as individual countries, exploiting its adept diplomacy for its own survival, exposes the US designs of not willing to come to terms with a collective Asian forum.

The objections raised by the United States during the time of President Bush and the diplomatic shuttle across Asian capitals by the then Secretary of State James Baker against the East Asia Economic Group proposed by Malaysian Prime Minister Mahathir, is now becoming clearer by their latest efforts now undertaken by incumbent Warren Christopher to keep other East Asian countries from joining hands with ASEAN and speak out as a single voice.

It is incumbent upon the leaders of this region, and they owe it to the generations yet unborn, to play a productive role in the making of the new international economic order with a collective consensus and to refuse to play into American hands.

This is a time for the most creative ASEAN initiatives for a productive role and continued progress. Our joint collaboration should extend beyond the ASEAN and the ASEAN sub-region, beyond Southeast Asia, beyond East Asia and even beyond the Asia-Pacific region.

ASEAN must of course be aware of its own limited weight in the international arena. Japan—the Asian economic giant—on the other hand, should realize and do some soul searching concerning her own position, both in the economic and political areas in the region is weakened, unless Japan inclines towards ASEAN and other Asian countries in her own interest.

Whatever the political beliefs in China, the “one country with two policies” has to be taken seriously. China has been opening up her economy to world trade and investments for the past decade and has fairly successfully juxtaposed a free market system with a centrally-planned economy.

There is no doubt that China today is economically healthier than the China of the Cultural Revolution and Maoism. ASEAN and other Asian states cannot ignore China in any “Asian” regional economic forum of the future apart from APEC [Asia-Pacific Economic Cooperation]. ASEAN leaders, from its inception in 1967, have reviewed progress achieved and so plan new directions for the future. Unfortunately the record of achievements, particularly in the field of economic cooperation, has been dismal.

The political and economic scenario of the world under ASEAN which existed in the 70s and 80s has been radically transformed. The socialist command economics of Eastern Europe have collapsed and are being replaced by a free market system. The Soviet Union is undergoing a political and economic upheaval of unprecedented proportions which will move it away from the rigid centrally-planned economies of the past to a more

market-oriented system. We witness now the early failures of the free market and democracy in the former Communist countries. Indeed their situation now is worse than when their economies were centrally planned.

On the other hand, there are a host of problems for the world arising out of the structural weakness on the world's biggest economy and the biggest debtor nation—the United States. We now live in a world where the developing countries are deprived of the past leverage of “defection to the other side”. There is the sole American giant, with immense problems at home and no longer driven by the imperatives of the Cold War, forcing its way into the growing Asian economies with a carrot and stick, “look our way or else” threat.

We see a situation today of a dramatic rise in the political, diplomatic and military clout on the US and a severe erosion in its economic position. The increased pressures will be political and social as well as economic and deviation from the principles of democracy towards total “plutocracy”, which sees the driving force of the US establishment gearing an economic war where the growth is—in Asia.

New Association To Promote Contacts With Laos

BK1403081794 Bangkok Radio Thailand Network in English 0000 GMT 14 Mar 94

[Text] The Thai-Lao Association has been set up to promote people-to-people contact between the two countries. The association will conduct social, cultural, economic, and academic activities. The agreement on the revival of the association was reached recently during a meeting of the Thai-Lao Joint Commission on bilateral cooperation in Vientiane.

According to the Ministry of Foreign Affairs, the head office of the Thai-Lao Association is located at the Department of Information, Ministry of Foreign Affairs, in Bangkok. Former Foreign Minister Asa Sarasin served as president of the association on the Thai side, while Mr. Khamphai Boupha served as the president of the association on the Lao side. Former Finance Minister Wiraphong Ramangkun served as the secretary general.

The general public are invited to apply for membership of the association at the Department of Information.

'Serious Rift' In Phalang Tham Party Viewed

BK1503054494 Bangkok THE NATION in English 15 Mar 94 pp A1, A2

[Text] Phalang Tham [PDP] Secretary-General Winai Somphong has severely criticized party de facto leader Chamlong Simuang and a religious wing in the party for rocking the boat of the Chuan coalition, signalling the most serious rift in the third-largest government partner. Winai called for Chamlong, the party founder who is known to have the final say on party policies, to make a

decision once and for all as to whether the Phalang Tham would remain within the coalition or not.

In an interview with THE NATION on Saturday, Winai did not mention Chamlong by name but he was apparently referring to the party founder, who has come out to attack the coalition on several issues and occasions. "If (Chamlong and the religious wing) feel that the Phalang Tham stands to lose from remaining in the coalition, they should discuss it inside the party," Winai said. "It's okay if they announce a pullout from the government. I won't object to it. But we should not be a cry baby in public."

Winai said the Phalang Tham members who were not happy working with the government should have proposed a pull-out to a party meeting. "So far, no one has proposed it to any party meeting. You can check with any deputy party leader...had this proposal been made in a party meeting, everything would have ended," Winai said.

Winai's comments indicated serious rifts in the Phalang Tham between the religious wing and those who hold Cabinet posts. Earlier reports had it that the religious wing would like to pull out of the coalition, but Phalang Tham's Cabinet members resisted. Several Phalang Tham leaders have denied the reports.

Winai was being interviewed by THE NATION shortly after a member of the religious wing, Chaiwat Sinsuwong, quit as deputy Bangkok governor. Chaiwat, known to be loyal to Chamlong, called on the party to review its role as a coalition partner after Phalang Tham lost local elections in Bangkok on March 6. "Don't shout outside the party. Don't act as somebody's follower or somebody else's mouthpiece," Winai said, apparently referring to Chaiwat and Chamlong. The communications minister said it would be "justified" for the Phalang Tham to criticize the government if it was an opposition party.

"I worry that what has happened will affect the government's stability. One party should not be allowed to sink a boat that's being rowed by five parties," Winai said the Phalang Tham was acting like it was rocking the coalition boat instead of trying to learn to work with other government partners. "To work in a five-partner coalition, we must not put our foot in the water while others are rowing.

"I am sure that we and our friends in the government feel uneasy about our criticizing our own coalition every night and day. Prime Minister Chuan Likphai must be very frustrated to see the coalition criticized by its own members."

Winai said he feared "internal enemies", not rivals from the outside. He said Phalang Tham secretaries general had always been "battered, chased, harassed," by the religious wing.

Businessmen React to Increase in Minimum Wage
BK1603101994 Bangkok THAI RAT in Thai 16 Mar 94
p 7

[Text] Sophon Wichitkon, president of the textile group of the Thai Industries Council, says the increase in the minimum wage for Bangkok and surrounding areas from 125 to 132 baht, or 5.6 percent, will have an impact on the apparel industry, which uses a lot of manual labor. He anticipates that investors who were planning to move production bases to Vietnam and China will implement their moves quickly. The current daily wage in China is about 40 baht, about the same as in Vietnam.

Sophon said the new wage may force small apparel factories to close. The medium-sized plants may have to replace their work force with machines. He said only factories catering to lower markets will be forced to consider moving their bases. Factories catering to higher markets use a skilled work force and will therefore remain in Thailand.

Sophon said: "The new wage increase does not mean that the price of clothes will follow suit. The factories will have to bear the burden and try to cut costs to compete in foreign markets."

Krungthep Thopha Factory manager Phongsak Atsakun says every industry will be affected by the new wage increase, particularly industries that are labor-intensive. They will be forced to move to countries with lower wages or replace their work force with machines. The textile industry now employs about 1 million workers.

Kanyong Electric Company manager Praphat Phworakun said the electric appliance industry is not likely to be affected by the new wage because its work force is not big. He feels that the new minimum wage suits the current economy, though, and notes that the new wage increase will impact differently on different industries.

Vietnam

Thai Prime Minister Arrives on Official Visit
BK1603074394 Bangkok Radio Thailand Network in
Thai 0530 GMT 16 Mar 94

[Text] At almost noon today, Prime Minister Chuan Likphai and his delegation arrived in Vietnam and were accorded an honorable welcome. The Public Relations Department reporter who is covering the visit reported the atmosphere of the event as follows:

[Begin recording] The official welcoming ceremony was held at the Vietnamese Presidential Palace, where SRV Prime Minister Vo Van Kiet welcomed the Thai delegation. At 1400 today, Prime Minister Chuan will attend a bilateral meeting between the full Thai and Vietnamese delegations at the Vietnamese Presidential Palace building. At 1600, the Thai prime minister will witness the signing of agreements between Thai and Vietnamese Governments and private sectors. After that, at 1700,

Prime Minister Chuan will pay a courtesy call on Do Muoi, general secretary of the Communist Party of Vietnam, at the party Central Committee Office. At 1900, the Vietnamese prime minister will host a dinner reception at the Vietnamese Presidential Palace in honor of the Thai prime minister and the delegation. [end recording]

Cam Interviewed on Relations With Thailand

BK1603094294 Bangkok PHUCHATKAN in Thai 16 Mar 94 pp 1, 2

[Text] During an exclusive interview with PHUCHATKAN in Hanoi on 15 March, SRV Foreign Minister Nguyen Manh Cam said that Prime Minister Chuan Likphai's visit to the SRV beginning today will further strengthen relations between Thailand and SRV in all aspects. He noted: "Relations between Thailand and Vietnam are currently the best they have been since the establishment of relations between the two countries."

The two countries will have to make joint efforts, however, to solve the remaining problem of fishing in overlapping territorial waters. The SRV foreign minister revealed that officials from all provinces concerned must also sit down together to work out a solution. He said: "The sea is still not calm in this area because foreign trawlers regularly encroach on our waters. I feel that this problem must be solved quickly and a new order must be worked out. We must join hands and trust each other in the name of our mutual interests."

Nguyen Manh Cam disclosed that the Vietnamese side has sought cooperation from the Thai side in tackling the sea dispute since July 1993, but the problem still persists and has led to the capture of illegal fishing trawlers. He said: "We have been waiting for a reply from the Thai side."

Nguyen Manh Cam said the two countries have already held two meetings on the problem of the overlapping area, and Vietnam is looking forward to the next meeting. The date and venue of this meeting have not been fixed.

He said: "Vietnam has some experience in this regard. We worked together with Malaysia to establish the joint development zone many years ago. The problem can be solved if the two sides have strong determination and good intentions toward each other. Both sides stand to profit. In fact, we should hold bilateral negotiations before inviting any third party to join."

Asked about cooperation between the two countries in the international arena, Nguyen Manh Cam replied that Vietnam, Thailand, Laos, and Cambodia are working together under the framework of the Mekong River Committee. A working group has been set up to draft a basic agreement. He said: "The working group has reached agreement on major principles. Only small issues are being discussed. We can solve the problems. Our policy is that we must respect the interests of all

countries, particularly riparian states in the lower basin. Regional interests must also be considered. The amount of Mekong River water used by each country will certainly affect the others."

The foreign minister said his country has to rely on water from the Mekong River during the dry season to prevent the inflow of seawater into the southern delta region.

During the one-hour interview, the SRV foreign minister anticipated further improvement in relations and contacts between Thailand and Vietnam provided the two countries understand each other and work for their common interests.

Nguyen Manh Cam said: "We can view Vietnam and Thailand as economic competitors. Speaking optimistically, however, competition brings incentives for further economic development. It is good for all countries to compete rather than oppose each other. I believe that we should join hands in the interest of our countries."

NHAN DAN Reviews Ties on Chuan Visit

BK1603085894 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 15 Mar 94

[Editorial from 16 March NHAN DAN: "Vietnamese-Thai Relations of Friendship and Cooperation Are Developing"]

[Text] Thai Prime Minister Chuan Likphai's official friendship visit to Vietnam today follows the recent visit to our country by Singapore Prime Minister Goh Chok Tong. It is significant that the prime ministers of two ASEAN countries are paying official visits to Vietnam in a short period of time. This is yet another manifestation of the common aspirations of Vietnam and other friendly countries to accelerate bilateral relations and promote cooperation in the region in accordance with the trend of peace, stability, and development in Southeast Asia and the Asia-Pacific region.

Thailand, a beautiful country with a long traditional culture, is enjoying rapid economic growth. Over the past several years, the government of Prime Minister Chuan Likphai has led the Thai people in overcoming numerous difficulties, stabilizing the political situation, and accelerating economic reform. In 1993, Thailand attained a GDP increase of 7.7 percent and was ranked among the countries of the world with a rapid developmental pace. Its industrial production increased by 10 percent; agriculture by 2.3 percent; exports by 12.8 percent; tourism by 13 percent; investment in the government sector by 54 percent; and investment in the private sector by 85.7 percent. Its foreign currency reserves reached \$25 billion, and it was ranked among the 10 countries in the world with the highest foreign currency reserves. Thailand's per capita income is \$1,660. Given this development pace, Thailand's economy will certainly grow by 8.3 percent this year.

Vietnam and Thailand are two close neighbors with longstanding cultural ties. The two countries established diplomatic relations in 1976. In recent years, relations between the two countries have developed favorably, especially in the economic and cultural domains. Various bilateral agreements have been signed in the fields of trade, economic and scientific-technological cooperation, aviation services, and promotion and insurance of investments. The two countries have established joint committee for economic cooperation and have reached an agreement on avoiding double taxation. These bilateral agreements are being effectively implemented, thus creating a good basis for achieving high results in economic and trade cooperation between the two countries. The value of two-way trade in 1993 increased by \$200 million, compared to \$12 million in 1988.

Today, Thailand has 43 investment projects in Vietnam with a total capital of \$149 million—third among the ASEAN countries. The Thai Government has also helped Vietnam with the purchase of essential equipment and in education and training.

The Vietnamese people would like to thank the Thai Government and people for their high appraisal of

Vietnam's achievements in the renovation undertaking, their special attention to accelerating relations of friendship and cooperation with Vietnam, and their readiness to share with Vietnam their experiences in national development.

Through recent visits and meetings between Vietnamese and Thai leaders, the two countries have expressed a common desire to resolve various outstanding problems and create an atmosphere of peace and stability in the region, thereby creating favorable conditions for multifaceted cooperation between the two nations. Thailand encourages and supports Vietnam to participate in various ASEAN development programs and join the organization, so as to contribute to restoring peace, stability, and development in the region.

During his official visit to Thailand in October 1993, party General Secretary Do Muoi expressed an earnest wish to see Vietnam and Thailand further expand their multifaceted cooperation based on the principles of mutual respect, noninterference to each other's internal affairs, equality, mutual interest, and good neighborliness.